

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

JANUARY 1959

Don't Just Play Around with Market Research

(pages 52, 65, 66)

BANKING'S Long-Term Plan — an Editorial:

The Future Belongs to Those Who Are Ready

(page 65)



PEACE OF MIND

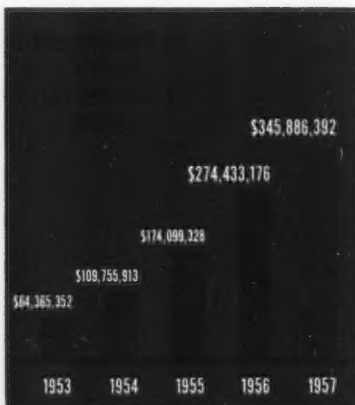
For the mortgage man too. Inescapably—at age 35—one out of every six home owners will not live to pay off a 20-year mortgage. Besides its practical advantages to both institution and customer, Mortgage Redemption Insurance wipes out much of the worry and mental strain of a home mortgage operation.

Federal has a flexible plan you can use . . . profitably!

You insist on fire insurance to protect your mortgages, but the chances of a home owner *dying* during the mortgage period are *16 times greater*, according to actuarial tables.

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Federal's flexible Plans, designed by lenders themselves, meet the requirements of every mortgage need. We serve a rapidly growing list of progressive financial institutions from coast to coast with these vital Plans.



Each Plan is specifically designed to meet your exact needs and includes all Sales and Operational procedures, completely eliminating burdensome detail. You reduce home

mortgage risks at no cost to your institution.

Federal Mortgage Redemption Insurance removes the natural fears of a family undertaking what is normally its largest financial obligation. It is persuasive proof of friendly interest in your customer's welfare; true Customer Relations at its best.

Federal also offers low-cost, individualized group employee welfare plans designed for your specific needs.

**Trained service representatives coast to coast.
Your inquiry is invited.**

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LIFE & CASUALTY COMPANY

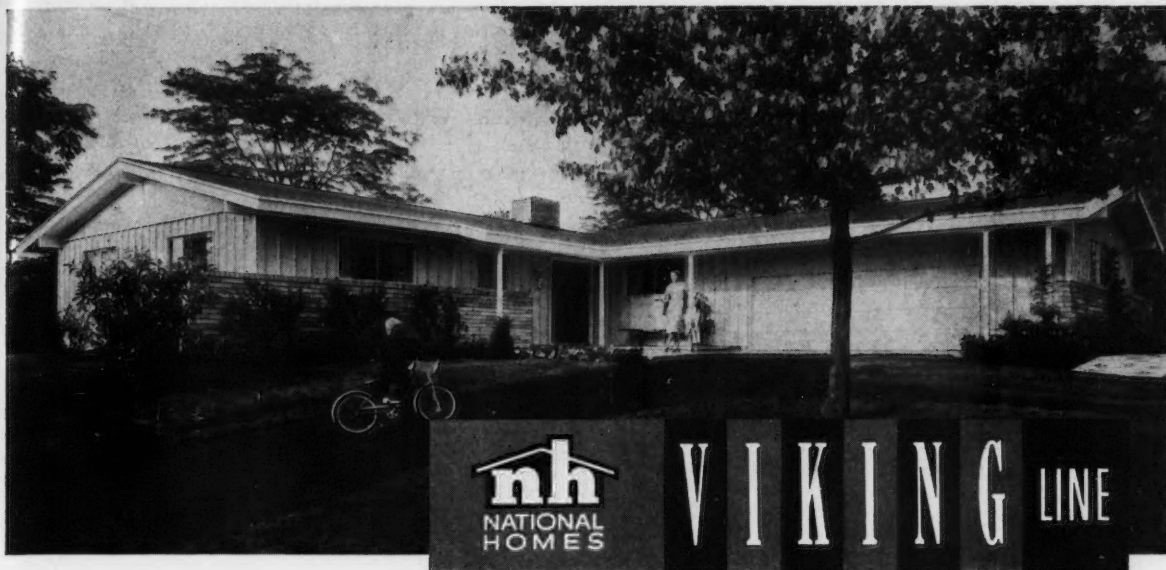
WOLVERINE-FEDERAL TOWER, BATTLE CREEK, MICHIGAN



Over half a century of personal protection service

JOHN H. CARTON
President

HAROLD L. BUCK
Vice-President
Sales



VIKING LINE

Bake-finished lifetime aluminum roof and exterior walls . . . maintenance-free

They're here—new homes that stay new!

Nobody could build a house like this—'til now . . . nobody could offer such collateral for your mortgage loan investment—'til now!

National Homes new Viking Line is the first real technological breakthrough in home building in years. The entire exterior, both roof and walls, is lastingly maintenance-free . . . fire-safe . . . weather-protected. It will look freshly painted . . . stay new . . . year after year. And being maintenance-free, the new exterior of bake-finished lifetime aluminum saves the owner-occupant more than \$4,000 during the life of a 20-year mortgage . . . makes him a more desirable credit risk for your investment!

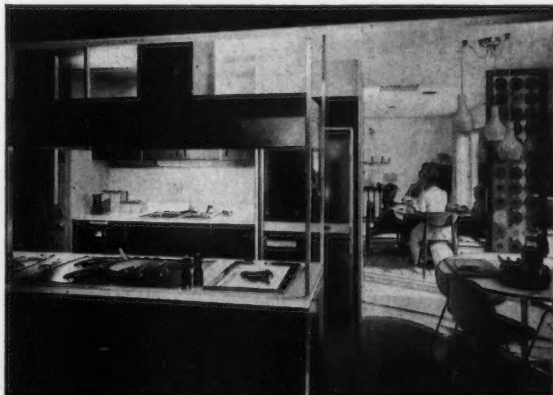
Already, indications are that the Viking Line will usher in a new era of buyer acceptance . . . an in-

creased need for mortgage investment money. For Viking's bake-finished lifetime aluminum roof and exterior walls cost no more than conventional cedar shingle shakes or redwood siding. Viking Line models will be built and offered for as little as \$8,750 plus lot in some areas. Viking construction will also be available in homes priced up to \$50,000.

Franchised National Homes builder-dealers in your area are now holding Open House to introduce the new Viking Line. You are cordially invited to inspect these homes—each better-built, more charmingly styled than any house now on the market.

National Homes Corporation, Lafayette, Indiana
Plants at Lafayette, Indiana; Horseheads, New York; Tyler, Texas

Step-saving kitchen has new mar-proof, stain-resistant cabinet doors and drawer fronts.



Large, luxurious living room has modern fireplace, full-width floor-to-ceiling window wall.



BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

COMPLETE — AUTHENTIC

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In This Issue

Medina Revisited

BANKING publishes this month the results of another study of family familiarity with and use of bank services in Medina, O. The statistics and their inferences are important to all banks.

In October 1946 we printed a similar study conducted in this "average community" by representatives of R. L. Polk & Co. Both surveys were made in face-to-face interviews with householders. The 12 years have brought marked changes to Medina.

Don't miss this report. It starts on page 66: "Prospecting for More Bank Business."

Do It Now!

The Polk survey is prefaced with an editorial emphasizing that the time for banks to increase their selling efforts is *today*—when both the opportunity and the competition are unlimited. If the present downward trend in banking's share in national growth continues, "banks will lose many billions of dollars in potential volume." The slogan, in short, is "SELL NOW!"

Steady Prices

A distinguished banker, Jesse W. Tapp, chairman of the board of Bank of America and of A.B.A.'s Economic Policy Commission, reports this month (page 40) on the deliberations of the 14th American Assembly, a gathering of national leaders in many fields. They concluded that "reasonable stability of the price level must be a primary goal of monetary policy." Here, says Mr. Tapp, is "a ringing challenge" to the cynics who say that inflation is inevitable. The Assembly agreed on numerous other points of interest to bankers.

... and a Black Ink Budget

Warning that "unless sensible decisions are arrived at soon, the budget threatens to get out of line," the Economic Policy Commission says in a statement that a balanced budget in fiscal 1960 is necessary to strengthen confidence in the dollar. The preferred means to this end is reduced expenses but, if necessary, taxes should be increased. "Our fiscal situation has now become a serious inflationary threat to our economy," says the Commission. (Page 38.)



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(page 65)

THIS MONTH'S COVER

BANKING's front cover refers to some useful market research material which will be found on the pages indicated. As pointed out on pages 65 and 66, these market research studies will be useful only when they are used

BANKING'S Investment Forum

GOVERNMENT BONDS

Treasury Financing . . . Bill Rates Stiffen . . . No Change in Open Market Committee Policy . . . Bank Loans and Investments Increase Market . . . Long Issues Up, Short Down . . . Outlook

MURRAY OLYPHANT

SURVEYS of the outlook for business in 1959 indicate that corporate management is moderately optimistic, plans to continue reasonable capital expenditures, but is not doing more than keeping inventories in line with forward orders. Prospects for the building industry are for a continuation of a satisfactory level of new construction.

In short, forward progress seemed to be assured with no evidence, as yet, of a recurrence of inflationary and speculative factors.

Under these circumstances the market for Government bonds had little reason to move very far one way or the other and remained quite stable. Nevertheless, the character of and prospect for the new Treasury financing was of decided interest.

Treasury Financing

Two new features were involved in the refinancing of over \$12-billion of maturities in December and the plan to raise new cash.

First: The refunding provided for

the offer of two new issues—each at a small discount.

Second: While \$3-billion of new cash was raised in November by the offer of 214-day tax anticipation bills, thereby meeting the needs of the Government until the end of 1958, the Treasury also started to provide the additional cash of between \$4- and \$5-billion, which would be required in the first quarter of 1959.

It did this by increasing the amount of Treasury bills outstanding and offering a new series of 182-day bills, getting approximately \$200,000,000 extra each week for 13 weeks and, thereby, raising \$2.6-billion of new money and reducing the new cash needed in early 1959 from between \$4- and \$5-billion to \$2-billion or less.

This was intended to lessen the impact of too heavy cash financing on the refunding of the \$15-billion of maturities in February and, perhaps, to make the offer, at that time, of a longer maturity somewhat more feasible.

The result of the exchange offer

of an 11½-month, 3¾% certificate at 99.95 and a 2-year, 5½-month, 3½% note at 99⅞ was excellent as can be seen from the summary below.

As the Federal Reserve held \$7,858,000,000 of the maturing certificates and exchanged them for \$5-billion of the new 3¾% certificates and—in a surprise move—\$2,858,000,000 of the new 3½% notes, less than 10% of the maturity holders, other than the Federal Reserve, wanted cash on maturity.

Another indication of the success of the offering was that both of the new issues consistently maintained a market of 100 or slightly more.

With the completion of the refunding, the Treasury announced that over 80% of the marketable debt, other than bills of tax anticipation issue, will now mature in February, May, August, and November so good progress has been made toward eliminating the almost monthly recurrence of Treasury financing which has been so disturbing to the market.

New 6-Month Bills

The Treasury commenced its program of increasing the amount of bills outstanding and starting a new series of 182-day bills by offering—for subscription on December 8—\$1.6-billion of 91-day bills and \$400,000,000 of 182-day bills. As \$1.8-billion bills matured on December 11, the offering increased the amount of bills outstanding by \$200,000,000. Continued for 13 weeks, the addi-

(CONTINUED ON PAGE 6)

Results of Exchange Offer
(000,000 omitted)

		Exchanged for 3% % Certificates	Exchanged for 2% % Notes	Total Exchg'd.
3% % ctfs.	\$ 9,833	\$6,432	\$1,276	\$ 7,708
2½% bonds	2,368	3,299	779	4,078
	\$12,201	\$9,731	\$2,055	\$11,786
Total exch.	\$11,786			
Total cashed	\$ 415			

What Will Tomorrow's Telephones Be Like?

This country is going to be needing a lot more communication service in the years ahead. Matter of fact, the need is with us right now.

Just the great increase in population (there will be 40,000,000 more people in the U. S. by 1970) means that we'll be stepping right along to keep ahead of our customers' needs.

The greatest progress will come, as it always has, from the Bell System's unique concept of unified research, manufacturing and operation that has given this country the best telephone service in the world.

A vital part of this concept is always to look ahead and not back. Many new things are already at hand or in sight.

New instruments will provide an ever-widening choice for our customers. Improvements in transmission and the development of electronic switching will make our services faster and more versatile.

There are some tremendous possibilities in the use of telephone facilities for enabling business machines



PICTURE OF TOMORROW. Will tomorrow's telephones be smaller and lighter and specially designed for each room? Will the dial, mouthpiece and receiver all be in the unit you hold in your hand? Will you be able to get your party just by pushing buttons, instead of dialing? We're working on many types and testing them at Bell Laboratories and in homes and offices.

to communicate with each other—no matter how many miles apart. Great volumes of data of all kinds can be transmitted automatically over telephone lines at high speed.

We also have the prospect of providing picture channels for many purposes, in addition to the present networks for television broadcasting.

How far we go, and what we are

able to do, depends on money. To make the best progress and apply it to the greatest advantage of everybody, the Bell Telephone Companies must be in good shape financially.

In all lines of business it is the companies whose earnings are good that are able to make the best products, provide the best service and give the best values.

BELL TELEPHONE SYSTEM



*For your
banking
needs in
Japan*

ESTABLISHED: 1897

THE NIPPON KANGYO BANK LTD.

HEAD OFFICE: HIBIYA TOKYO
120 BRANCHES THROUGHOUT JAPAN
New York Representative Office:
149 Broadway, New York 6

A NEW PICTURE DAILY . . .



. . . A NEW DISPLAY EVERY DAY

Are you wasting thousands of valuable advertising dollars? Banks throughout the country are making their windows and lobbies pay extra dividends with **TIMELY EVENTS'** attention-getting fluorescent displays featuring time, barometric pressure and outstanding newspictures. Custom designed to blend with your decor and priced as low as \$2.00 per week.

TIMELY EVENTS

236 N. Clark St. Chicago 1, Ill.

(CONTINUED FROM PAGE 4)

tional cash procured will be about \$2.6-billion. This is the intention of the Treasury, although it has reserved the right to alter the amounts as between 91-day and 182-day bills.

Naturally, such an increase in the amount of bills outstanding can be expected to raise the rate of return, but the demand for bills from other than banking sources has continued to be high. An increase in the rate should tend to maintain that demand.

Just how much difference in yield will develop between the 13-week and 26-week bills is problematical, but the relatively small amount of the longer bills might hold the spread in yield to a minimum.

Bill Rates Stiffen

The record of the weekly sale of bills for November was as shown in the table below.

Toward the end of the month, the intention of the Treasury to increase the amount of bills was anticipated and the rate stiffened. Moreover, December generally witnesses some liquidation of bills by corporations to meet tax requirements so that some further rise in the rate could be expected.

Dealers were able to dispose of their acquisition of the first three issues without resort to repurchase agreements. Thereafter developments made such agreements again necessary. On November 26, \$133,000,000 were reported at the Federal Reserve. It should be noted, however, the RPAs shown in the Federal Reserve statements probably represent only a relatively small part of the total of such agreements, as many are made by other lenders.

No Change in Policy of Open Market Committee

For some months the OMC has been merely offsetting the effect on

bank reserves of ups and downs in circulation, the gold stock, and the float. The apparent aim in recent weeks was to hold the "free reserve" position of the member banks at about \$100,000,000. From November 5 to December 3 the increase in the Federal Reserve portfolio was \$613,000,000, but circulation rose \$638,000,000 and the gold stock declined \$70,000,000.

However, the "free reserves" of the member banks tended to shrink and in the final week showed "negative reserves" of \$49,000,000 as the banks continued to keep fully loaned and invested.

Some further tightness in the money supply was expected to result from mid-December borrowing for tax purpose and a further pre-holiday rise in circulation. This would probably be countered by more purchases of Government issues by the OMC, but the situation should change after the turn of the year.

Bank Loans and Investments Rise

In the four weeks ending November 26, the loans and investments of the reporting member banks both rose. Although commercial and industrial loans only rose \$254,000,000, total loans were up \$785,000,000. Bank holdings of "other" securities were down \$330,000,000, but investment in Government issues was up \$850,000,000.

The consistently high level of the float and deposit increases resulting from subscription to new Government issues were helpful in maintaining buying power.

Market Action

Comparison of market prices on October 31 with those of December 2 indicates that the increase in the amount of short-term issues affected

(CONTINUED ON PAGE 10)

Weekly Bill Sales

(000,000 omitted)

Offered On	Amount Offered	Average Cost	Later Prices
November 3	\$1,800	2.649%	2.50%-2.48%
November 10	1,800	2.774%	2.70%-2.68%
November 14*	3,000	2.997%	3.05%-3.02%
November 17	1,800	2.876%	2.69%-2.66%
November 24	1,800	2.723%	2.78%-2.75%

* Note: Special Tax Anticipation issue sold for new cash.

INITIAL FOOD PROCESSORS, INC.

BALANCE SHEET

ASSETS

DECEMBER 31

Cash in banks and on hand \$ 24,343
Accounts receivable 103,718
Prepaid expense 11,697

INVENTORY \$356,127

Total current assets \$485,885

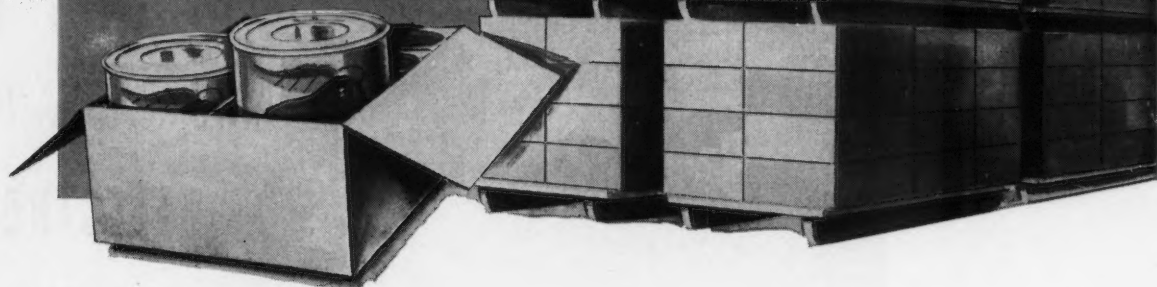
Land \$ 43,000

Buildings 106,748

33,184

7,655

**"I want to be
a loan!"**



Mr. Loan Officer—whenever you see a financial statement on which the INVENTORY “wants to be a loan”—why not call in Lawrence. Lawrence System Warehouse Receipts enable you to convert inventories into prime collateral for secured loans ranging from \$15,000 to \$1,000,000 or more.

LAWRENCE ON WAREHOUSE RECEIPTS

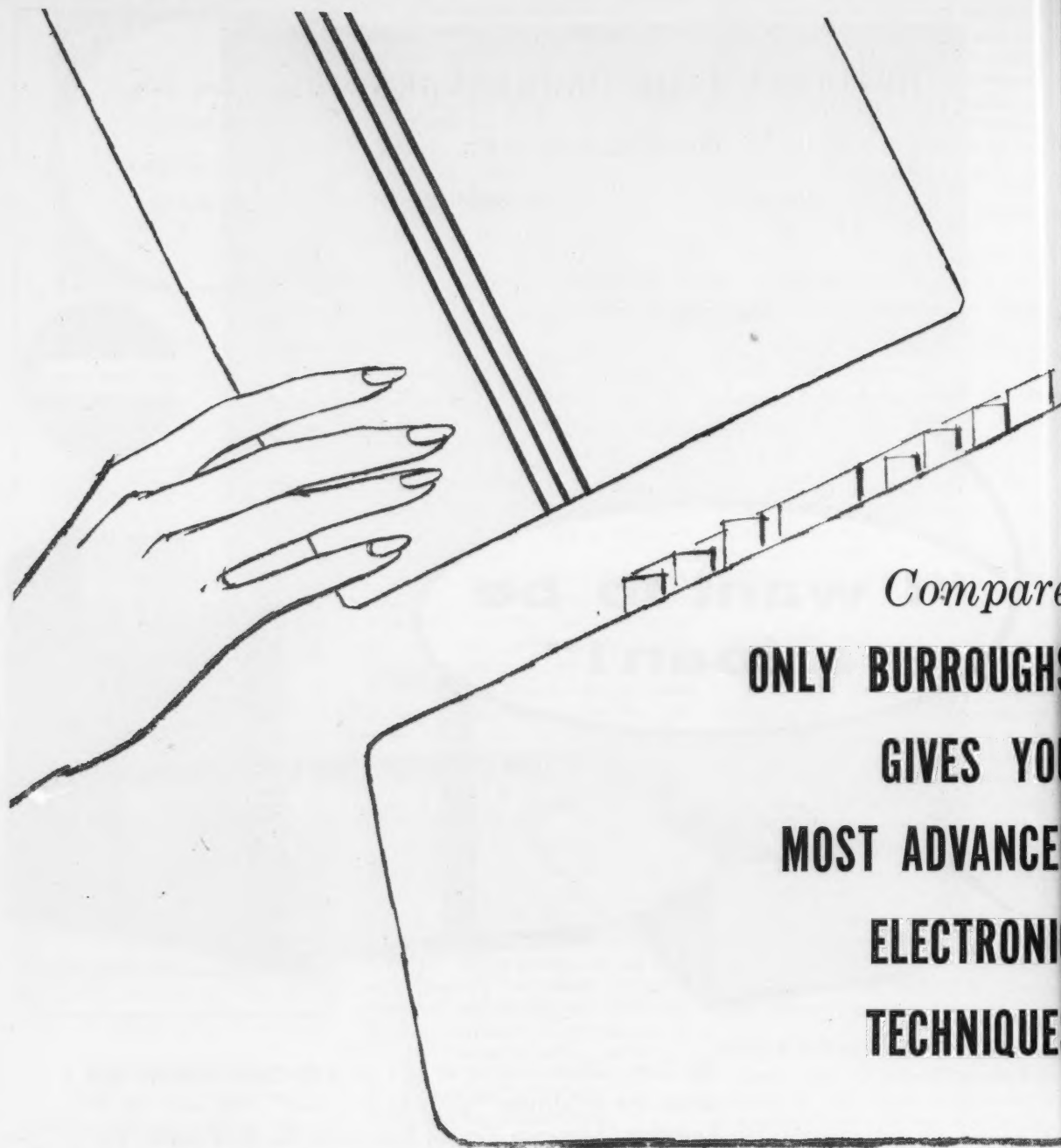


... IS LIKE CERTIFIED ON CHECKS

LAWRENCE WAREHOUSE COMPANY

NATIONWIDE FIELD WAREHOUSING

37 Drumm Street, San Francisco 11
100 N. LaSalle Street, Chicago 2 • 79 Wall Street, New York 5
OFFICES IN PRINCIPAL CITIES



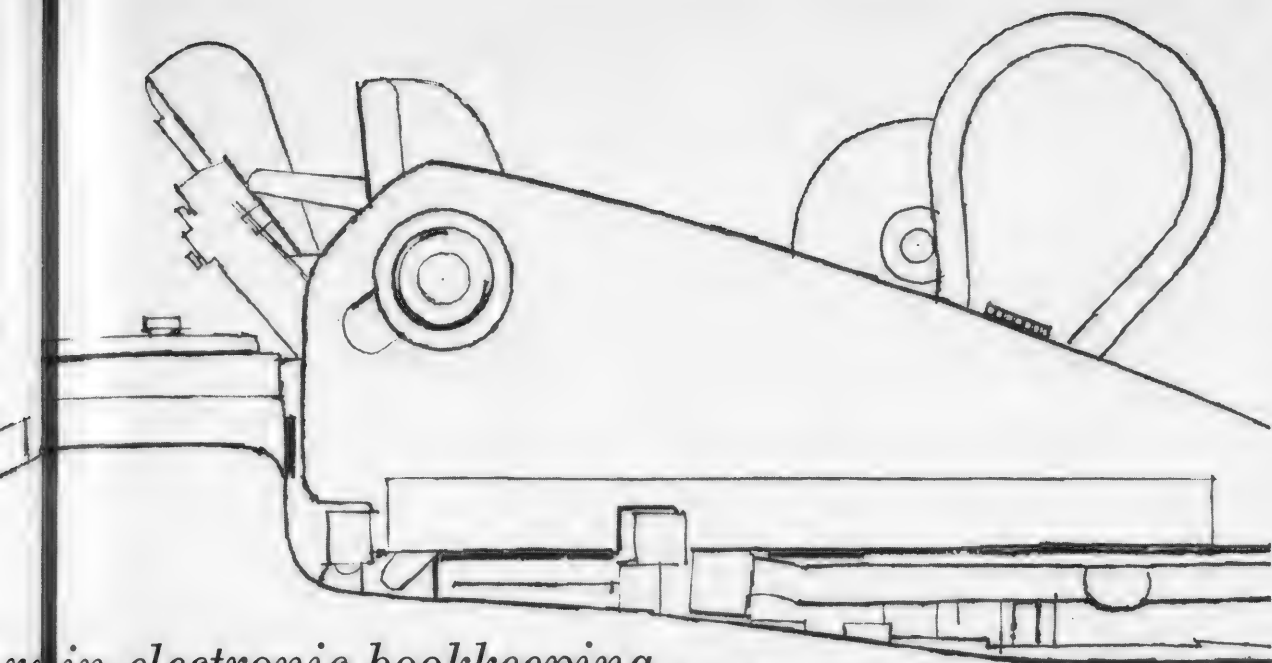
Compare in
ONLY BURROUGHS
GIVES YOU
MOST ADVANCED
ELECTRONIC
TECHNIQUES

For your own protection, by all means *compare* the Burroughs Electronic Bank Bookkeeping Machine with others now on the market—before you make this all-important investment. The Burroughs is the *one* machine that brings you truly sophisticated electronic techniques—such as:

- *Computer-type modified binary code.*
- *Three thin magnetic ink stripes, in less than one inch of space, that store account number,*

dollar balance, sign of balance, check count balance, posting line position and alert signals

- *Advanced design and functions that make it possible to use simple, practical forms that are easy to fold, easy to mail.*
- *Compactness—the design that can only come from full and knowing utilization of the advantages of electronics applied to accounting*



re in electronic bookkeeping . . .



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BURROUGHS KIT contains complete suggestions and sample materials to aid in building employee morale, customer relations and community good will during your change-over to electronic bank bookkeeping. Just phone our nearby branch for your copy. Or write to Burroughs Corporation, Burroughs Division, Detroit 32, Michigan.

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Yes, compare! See for yourself how advanced your electronic bookkeeping can be—turning out more work at a faster pace with greater accuracy and economy than you'd think possible. Call our nearby branch office today. Burroughs Corporation, Burroughs Division, Detroit 32, Michigan.



**Burroughs
Corporation**

"NEW DIMENSIONS" / in electronics and data processing systems"

AND FOR THE NEW YEAR . . .

Our plans for 1959 emphasize the importance of keeping poised for the impact of peak loads in any of our manufacturing locations. Under normal conditions—which, for us, we like to think would mean evenly spread expansion resulting from evenly applied sales effort—we would not be concerned about peak loads anywhere. However, with the mechanized check handling program now picking up momentum, we have little control over developments in any single area and consequently new volume could be heavily concentrated.

Thus we find ourselves appraising our mobility with respect to facilities, inventories, and skilled manpower. What we see is reassuring, since all of our plants now have a cushion that will enable them to take on heavy additional business. This happy condition will not last long if our growth during the next decade

matches the 390% of the past decade. We do not contemplate such continued growth but we do recognize certain explosive elements in our current market that could create a disproportionate increase in any one year.

Fortunately we have, up to now, been able to keep things pretty much in balance. With the completion of our new Cleveland plant in April, we will have constructed nine new buildings since the war, giving us a space expansion of 265%, and while this was supposed to wind up our building program, it probably marks only an interim pause. In any event, we are in good shape at the present moment and of course the switch to magnetic coded checks may not come as fast as we anticipate, in which case we have surplus production capacity. Nevertheless, we think alertness should be our watchword as we begin this promising new year.

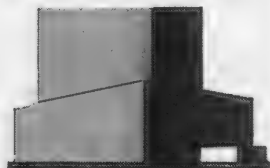
De Luxe
CHECK PRINTERS

Manufacturing Plants at:

CLIFTON, PAOLI, CLEVELAND, INDIANAPOLIS, CHICAGO,
KANSAS CITY, ST. PAUL, DALLAS, CHATSWORTH

NOW UNDER
CONSTRUCTION

FIRST
NATIONAL BANK
MINNEAPOLIS



MINNEAPOLIS'
ULTRA-MODERN
FINANCIAL CENTER

Over 100 years of banking experience is the foundation for our new 28-story banking home and office structure.

Resources: Over \$450,000,000

Member Federal Deposit Insurance Corporation



Now National City's
night transit system
is faster than ever

Our messengers pick up and deliver mail at Cleveland airport post office, around the clock. Downtown stopovers are eliminated. This new service can improve availability by one day. If you're not a National City correspondent, contact us for details.

**NATIONAL
CITY BANK**
of Cleveland

623 EUCLID AVENUE, CLEVELAND 1, OHIO
Member Federal Deposit Insurance Corp.

(CONTINUED FROM PAGE 6)

prices unfavorably; but price declines were perhaps more moderate than might have been expected.

On the other hand, prices for the longer-term issues recorded a fair amount of improvement, running in some cases to between $\frac{5}{8}$ and $\frac{7}{8}$, as some demand appeared for the respective issues. The absence of anything but short-term offerings in the December Treasury financing undoubtedly was a contributing factor in the improvement.

What will happen in January is more difficult to guess about.

Outlook

First: It is known that the Treasury will not have to raise more than \$1½- to \$2½-billion more cash instead of \$4- to \$5-billion.

Second: Of the \$15-billion Treasury securities maturing in February, over \$9¼-billion are held outside of the Federal.

Third: It is said that the Treasury still intends to lengthen the maturity of the debt if conditions are at all favorable. This possibility would seem to be against much, if any, increase in demand for presently outstanding issues.

Fourth: Any increased buying power resulting from a decrease in bank loans in the first quarter of 1959, which may not occur, would not be likely to be used in the purchase of long-term Government issues, especially as "other" investments are likely to continue to be available at better rates.

Fifth: The prospective higher return from the larger supply of Treasury bills seems more likely to attract purchasers than the longer-term issues whose very moderately higher yield hardly compensates for the market risk involved.

In short, it is hard to find any good reason, as yet, to look for much improvement in the market for the longer-term Government issues. The better return on the loss proof bills affords too safe a refuge.

ECONOMY NOTE

"Money's tight," he tells his wife, A statement she'll agree is The painful truth; and yet she's sure It's not as tight as he is.

Stephen Schlitzer



**DRAMATIC TEST OF HERRING · HALL · MARVIN'S
FIVE STAR CONSTELLATION VAULT DOOR PROVES**

MORE THAN 100 YEARS OF SERVICE-FREE OPERATION

The question is sometimes asked, "Just how service-free is the electro-hydraulic mechanism of this pushbutton-controlled door?" It's a natural question when one observes the massive door swinging open and closed, the locking bolts operating, all at the touch of a button.

Just how service-free? To get a specific answer to that question a Herring-Hall-Marvin Five Star Constellation Vault Door was taken off the production line last August 18 and placed on test in the factory. It was wired for automatic continuous operation, with a counting device attached. Since that time the door has been in continuous daily operation.

As this advertisement goes to the publisher, 30,000 cycles — the equivalent of 100 years of normal operation — have been completed, and the door is still swinging open and closed, being unlocked and locked, without the necessity of even a minor repair or adjustment.

So we still cannot give a specific answer to the question. Let's just say, "No service necessary in 100 years or more."

If you contemplate the purchase of a vault door, write now for new brochure which gives all the facts about the Five Star Constellation — the only vault door with pushbutton control. We also invite you to visit our plant, any day, to see the door on test.

**HERRING · HALL · MARVIN SAFE COMPANY
HAMILTON, OHIO**

The Investment Markets

DESPITE the recession, common dividends reached a new peak in 1958. While final figures for the year are not available, cash dividends on "Big Board" common stocks kept on climbing, though more slowly, to a new record high in the first nine months of 1958.

This was a gain, on a year-to-year basis, of 0.2% over 1957. In comparison, the first half of 1958 showed a rise of 0.9% over last year. Nevertheless, the move is upward, not downward. Also, it was the sixteenth time in succession that cash common dividends established a new peak in the first nine months.

Managements of companies in

H. EUGENE DICKHUTH

which the calendar year coincides with the fiscal year usually are very careful in their calculations. Final decisions as to reserves and dividends are delayed in most instances until the final quarter. Thus, it would seem reasonable to expect that, for the year as a whole, the 0.2% gain figure will be exceeded.

By industrial groups, 15 increased their cash common dividend payments in the first nine months and 12 made reductions. In effect, five groups made it possible to reach the new high:

- (1) Utilities, up \$72,747,200;
- (2) Petroleum and natural gas, up \$28,260,010;
- (3) Financial, \$16,561,830;
- (4) Chemicals, up \$15,652,370;
- (5) Retail trade, up \$12,913,990.

These gains more than offset the declines. Investors may be interested to note that the \$3,051,186,870, paid by utilities, petroleum, and natural gas as well as chemicals accounted for nearly 48% of all cash common dividends.

There were important dividend payment contractions, too:

- (1) Railroads and railroad equipment companies paid \$45,561,700 less than in the first nine months of 1957;
- (2) Mining equities were off \$36,267,530;
- (3) Steel and iron down \$17,757,270;
- (4) Automotives down \$16,834,840;
- (5) Textile companies off \$12,564,600.

Percentagewise, the declines were sharper than the gains. The three sharpest drops were 20.6% by textiles, 17.4% by mining, and 14.5% by the rails. The largest increases were 12.2% by the financial industry, 11.6% by miscellaneous business, and 3.2% by office equipment companies. As an aside, it may be noted that the largest group of non-dividend payers included 17 railroads and railway equipment concerns.

The Bond Markets

After rising for eight straight weeks, yields stabilized early in December. The *Bond Buyer's* 20-bond yield average held steady at 3.3% in tax free interest. Standard and Poor's average advanced from 3.8 to 3.81% and the comparable Dow Jones average moved from 3.3 to 3.31%.

Bond inventories on dealers' shelves were moved satisfactorily, although the "Blue List's" floating supply crept up somewhat. The tone in the last few weeks was good. Wall Street syndicates dealing in tax-free

Cash Dividends on N. Y. S. E. Listed Common Stocks First 9 Months 1958 vs. First 9 Months 1957

Industry	Number Paying					Total Paid First Nine Months 1958	Percent Change
	Stocks 1st Listed 9 Mos. 9/30/58	1958	More	Same	Less		
Aircraft Industry	31	27	11	10	7	\$ 91,439,230	- 5.4
Amusement Industry	26	18	7	10	4	48,588,520	- 4.3
Automotive Industry	63	50	14	20	19	551,198,620	- 3.0
Building Trade Industry ..	34	31	13	14	5	92,525,840	+ 1.6
Chemical Industry	88	82	33	39	11	746,483,820	+ 2.1
Electrical Equip. Industry.	32	28	9	11	8	213,482,700	- 1.5
Farm Machinery Industry.	6	4	1	3	—	47,209,300	+ 1.8
Financial Industry	40	37	12	16	9	152,399,420	+12.2
Food Prod. & Beverage ...	69	60	23	33	8	207,263,000	+ 3.5
Leather & Leather Prod...	9	8	1	4	3	18,668,500	- 3.8
Machinery & Metals Ind..	113	98	27	35	45	244,829,920	- 4.1
Mining Industry	41	28	5	11	13	171,622,970	-17.4
Office Equipment	9	6	3	2	2	38,257,850	+ 8.2
Paper & Publishing Ind. ..	35	32	6	20	6	133,432,710	+ 1.0
Petroleum & Nat. Gas Ind.	46	39	14	22	4	1,012,495,840	+ 2.9
Railroad & R. R. Equip. ...	78	61	6	36	27	268,509,140	-14.5
Real Estate	9	9	5	4	—	15,502,850	+ 1.3
Retail Trade Industry	66	61	16	38	7	255,736,560	+ 5.3
Rubber Industry	10	10	5	5	—	64,595,340	+ 2.9
Shipbuilding & Operating.	10	8	4	3	2	25,862,010	+ 6.8
Steel & Iron Industry	36	32	5	11	17	349,337,490	- 4.8
Textile Industry	42	30	4	14	17	48,400,640	-20.6
Tobacco Industry	15	14	6	8	—	86,028,840	+ 7.4
Utilities	113	111	45	62	4	1,292,207,210	+ 6.0
Miscellaneous Businesses .	24	21	8	11	2	54,531,000	+11.6
U. S. Co.'s Oper. Abroad .	19	13	3	7	6	35,095,550	- 4.9
Foreign Stocks	23	20	4	7	9	115,119,340	- 8.9
	1,087	938	290	456	235	\$6,381,103,210	+ 0.2

From *The Exchange*, November 1958, published by the New York Stock Exchange.

bonds have been able to handle with dispatch a volume which in the first 10 months of 1958 already exceeded the \$6,968,641,896 marketed in the full 12 months of the banner year 1954.

In the early part of December, yields available on new municipal issues ranged from 4.5 to 5.2%. Discounting entirely the tax-free quality of these yields, they were higher than the 4.5 to 4.55% yields offered on corporate bonds.

Overseas Investments

The United States is now the only major trading nation which taxes income obtained from foreign sources as though it was made at home. For this reason, a large number of business organizations have complained to Congress that present laws are penalizing foreign capital investment by American industry.

Recommended tax law changes would provide new incentives for overseas investors, chiefly through deferral or elimination of U. S. taxes on income earned abroad. Under the present law, foreign chartered subsidiaries of U. S. companies are the only beneficiaries of American tax postponement.

The U. S. Chamber of Commerce recommended a tax revision to permit deferral or postponement of U. S. taxes on foreign income through special American foreign business corporations. The earnings of this type of corporation would not be taxed until and unless they were brought back to the U. S. or were distributed as dividends.

Depreciation Tax Laws

The House Ways and Means Committee will also be confronted this year with demands from business to change U. S. depreciation tax policy which, in hearings before the Committee, have been called "the worst of all industrial countries." The subject has long-term connotations for the investment markets, to be sure.

The nub of the problem, as seen by business and industry is this. The U. S. has fallen behind Russia, Western Germany and other countries in the rate of growth of productivity. The Soviets and the Germans were "aided" in their rapid comeback by great destruction of industrial areas. Thus, they acquired and got brand new machinery and equipment.

(CONTINUED ON PAGE 16)

check your plant site requirements

... against what the Union Pacific has to offer you in the 11 Western states it serves. In all probability you'll find exactly the plant site you seek. Simply get in touch with your nearest U. P. representative or contact us direct.

☐ Raw
Materials

☐ Power

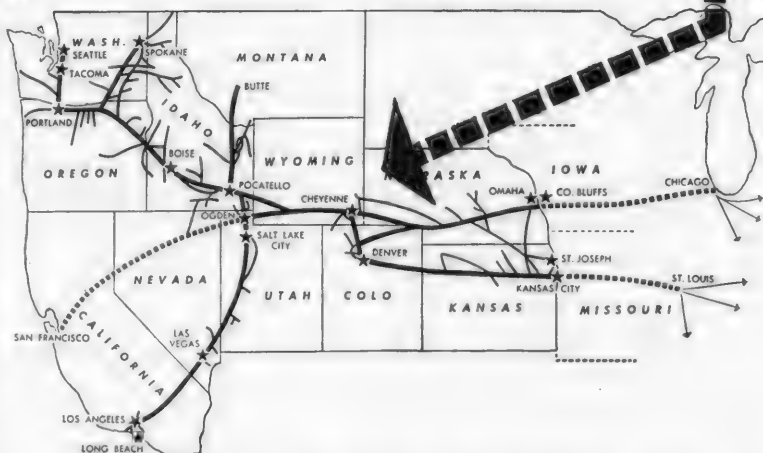
☐ Labor
Skilled and
Unskilled

☐ Market
Availability

☐ Transportation

☐ Living
Conditions

☐ Educational
Facilities



Industrial Development Dept.
UNION PACIFIC
Railroad
OMAHA 2, NEBRASKA



Are you shooting into the air?

R. L. POLK & CO.'S

New

BANK BUSINESS DEVELOPMENT DIVISION

... now is ready to provide the much needed studies in the field of research and development for BANKS and other financial institutions.

You will miss your target unless you have complete knowledge and a satisfactory pattern for getting the maximum results.

Bank services must be *sold* like hard goods and other services. All successful marketing is based on accurate, thorough statistics.

The new POLK BANK BUSINESS DEVELOPMENT DIVISION has been formed to gather for you the Market Research truths *plus new business promotional activities.*

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**To Development
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POLK'S BANK BUSINESS DEVELOPMENT DIVISION . . .

will PINPOINT exactly for you . . .

**HOW
WHY
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YOU CAN DEVELOP NEW ACCOUNTS and also IMPROVE EXISTING BUSINESS

Unknown?

The New POLK BANK BUSINESS DEVELOPMENT DIVISION . . .

will provide all phases of market research: opinion studies, location studies, motivation studies & new business development through specified on the spot canvassing.

ANYTHING A BANK NEEDS OR WANTS . . .

R. L. POLK & CO. can produce with its regular staff of 7,500 trained employees. Daily, POLK personnel conduct face-to-face interviews with housewives and business people in every part of the United States.

Get accurate, on-the-spot information about the banking climate in your area. Measure the need and the demand for your facilities. Learn your own strength and weakness; find out why people choose a certain bank . . . find out their savings and borrowing habits . . . find out where most people make loans . . . find out how many have named a bank the executor or trustee of their estate and why . . . find out who rents safe deposit boxes. Give YOUR BANK a chance to benefit from POLK'S vast specialized experience.

Read the MEDINA, OHIO, STORY . . .

in the January 1959 **BANKING** and substitute the name of your own town for that of Medina. *Then take a bold step.* Use POLK'S BANK BUSINESS DEVELOPMENT DIVISION to determine how YOUR BANK stands in your own community.

TO BETTER YOUR BEST RECORD . . .

POLK will provide the facts, figures, suggestions and consultation follow-up. Write, wire or telephone for full details.



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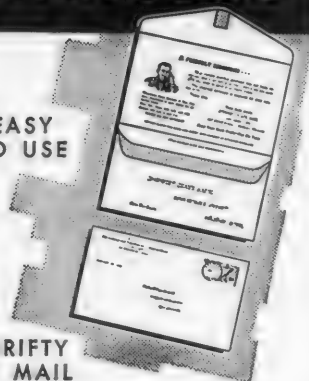
SPEED UP COLLECTIONS



WITH

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EASY TO USE



THRIFTY TO MAIL

3 units in one. Outgoing Envelope. Delinquent Notice and Return Envelope.

CURTISEE MAILERS are delivered folded and sealed, ready for addressing.

- You save collating, folding and sealing time.
- The handy Return Envelope invites immediate action.
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Curtis 1000 Inc.

1000 UNIVERSITY AVE., ST. PAUL 4, MINN.

Please send kit of CURTISEE MAILERS for collecting delinquent payments.

Name _____

Bank _____

Address _____

Clip this coupon to your letterhead.

(CONTINUED FROM PAGE 13)

The U. S. was not that "lucky" and the economically obsolete plant here has been growing over the years to the point where a McGraw-Hill estimate places the replacement deficiency at \$95-billion. This deficiency is increasing annually at the rate of between \$4- and \$6-billion, because of inadequate depreciation allowances.

Owing to this state of affairs, replacement has been lagging and industrial profits have been overstated by these billions. Taxes were paid on these overstated profits which could have gone and should rightfully go into the purchase of new plant, so that the U. S. may recapture the lead in the productivity race.

One proposed law to correct the present situation is the Keogh bill. It was introduced in Congress last summer, and among the groups which testified in favor of the proposal were the American Cotton Manufacturers Institute, the National Lithographers Association, the Association of American Railroads, and the National Coal Association.

Although economic purists say the Keogh bill does not go far enough, the proposal seeks to give tax relief.

Investments in Small Business

The chances are that some 300 small business investment companies will be chartered this year to extend long-term credit to small firms. It will be done under the provisions of the Small Business Investment Act, with participation of private investors, banks, investment companies and others, probably including Federal savings and loan associations.

Such participants would form so-called small business investment companies and make loans against debentures. As many as several million companies would be eligible to apply for long-term capital financing. If the conditions under which these new investment companies are to be organized prove attractive for private capital, it may mean a boon for the securities business.

Going beyond the former definition of a "small firm," as one with fewer than 500 employees, which still remains in force with respect to lending by the Small Business

Administration, the rules would make it possible for the new investment companies to serve most companies having assets of up to \$5,000,000 and annual net profits not exceeding \$150,000 in any 3-year period.

The only organizations which would be excluded among those within the foregoing assets and profit limitations would be any which had raised more than \$300,000 via public financing within the preceding three years and any whose stock is listed on any of the 16 stock exchanges in the U. S., or traded over the counter.

Maximum Interest; Capitalization Terms

The maximum interest rate small business investment companies may charge borrowers will be the same as the maximum provided by state law. The suggested rate on debentures is in the neighborhood of 5%.

Regulations do not provide any specific terms of capitalization. Conceivably, small business investment companies could issue nonvoting stock. It is also possible to convert existing companies into small business investment companies, if permitted by state law.

Collateral for the convertible debentures sold by borrowers to small business investment companies could be any sound asset. It would also be possible for two or more small business investment companies to get together for a specific financing project.

It is understood that the Small Business Administration will have a preferred list in chartering new small business investment companies. Preference will be given to those who do not seek U. S. Government funds for which the SBA last year had to pay 3½% itself.

Essentially, the new small business investment program is envisaged to give aid to all those whose credit requirements are not bankable. If this turns out to be true, it should not affect bank loans to business and industry as a whole. It is quite apparent that there always have been demands for loans made to banks which sought to provide the equivalent of long-term equity investment rather than short-term financing for the movement of merchandise. Many of such demands made of commercial banks, naturally, had to be turned down.

***** Heard Along Main Street *****

*This department is compiled by
 MARGUERITE BECK of BANKING.*

For space reasons, BANKING regrets that it must arbitrarily limit, in any one issue, the number of items used covering important personnel changes in the banks of the country. Many must be held over.

Texas Bankers Boost Betts For Treasurer of A.B.A.



Frank Betts, President, American National Bank, Beaumont, Tex.

FRANK BETTS, president, American National Bank of Beaumont, Tex., for many years active in the American Bankers Association, Texas Bankers Association, and Robert Morris Associates, is being endorsed by banker friends throughout Texas as a candidate for treasurer of the A.B.A.

Reed Sass, vice-president, Fort Worth National Bank, source of our information, writes that MR. BETTS, graduate of the A.B.A.'s graduate School of Banking, 1941, was elected permanent president of his class and has been active throughout his business career

About People

MARTIN E. LILLIE, senior vice-president, Old Kent Bank and Trust Company, Grand Rapids, Mich., retires after over 37 years with that bank.

JOHN F. DOOLEY, from assistant vice-president to vice-president, Em-



Henry C. Alexander

HENRY C. ALEXANDER, board chairman, J. P. MORGAN & Co., Incorporated, will become chairman and chief executive officer of the bank that will be fourth largest in the United States and third largest in New York City when the board-approved merger of MORGAN with GUARANTY TRUST COMPANY of NEW YORK takes place sometime in March. Dale E. Sharp, president of GUARANTY TRUST, will become president of the new MORGAN GUARANTY TRUST COMPANY.

Announcement of the merger, pending both January stockholder voting and approval of the New York State Superintendent of Banks and the Federal Reserve Board, was made in mid-December.

in banking, civic, and charitable affairs. His services have been borrowed on several occasions by both the Board of Governors of the Federal Reserve System in Washington and the Federal Reserve Bank of New York.

After graduating from Southern Methodist University, Mr. Betts started his banking career in 1922, and was affiliated with a Federal Reserve Bank and with Continental-American Bank, Shreveport, La., before becoming president of American National in 1947. He is a member of the Chamber of Commerce of the United States, chairman of the national Chamber's Committee on Government Expenditures, and holds many directorates and trusteeships.

pire City Savings Bank, New York City.

REYNOLDS PARTRIDGE becomes assistant cashier and second officer, Central Valley National Bank, Oakland, Calif.

FRANK WHITNEY, from president,

Fourth Largest Bank in U. S. Formed by Morgan Guaranty Merger

The combined institution will have capital funds of over \$500,000,000 and total resources of approximately \$4,000,000,000. GUARANTY TRUST brings three New York branches as well as its head office to the new institution, along with foreign offices in London, Paris and Brussels. MORGAN & CIE and the Paris GUARANTY TRUST office will consolidate, but the MORGAN affiliate in London is operated under a 1/3-ownership and may continue under a separate arrangement.

This is the first merger in the history of J. P. MORGAN & Co., but the seventh for GUARANTY TRUST.

J. Luther Cleveland, board chairman of GUARANTY TRUST, will be chairman of the executive committee. H. P. Davison, now president of J. P. MORGAN, and Thomas S. Lamont, currently vice-chairman, will become MORGAN GUARANTY vice-chairmen.

Holders of MORGAN stock will receive 4-2/5ths shares of stock of the new institution for each share now held, and holders of GUARANTY stock will receive one share for each share now held.

Torrington National Bank and Trust Co., to senior vice-president, Hartford (Conn.) National Bank and Trust Co., when the former merged into the latter on October 31. The bank names were inadvertently interchanged in these columns earlier.

THEODORE L. CUYLER, III, vice-president, Berks County Trust Company, Reading, Pa., retires after 26 years of service.

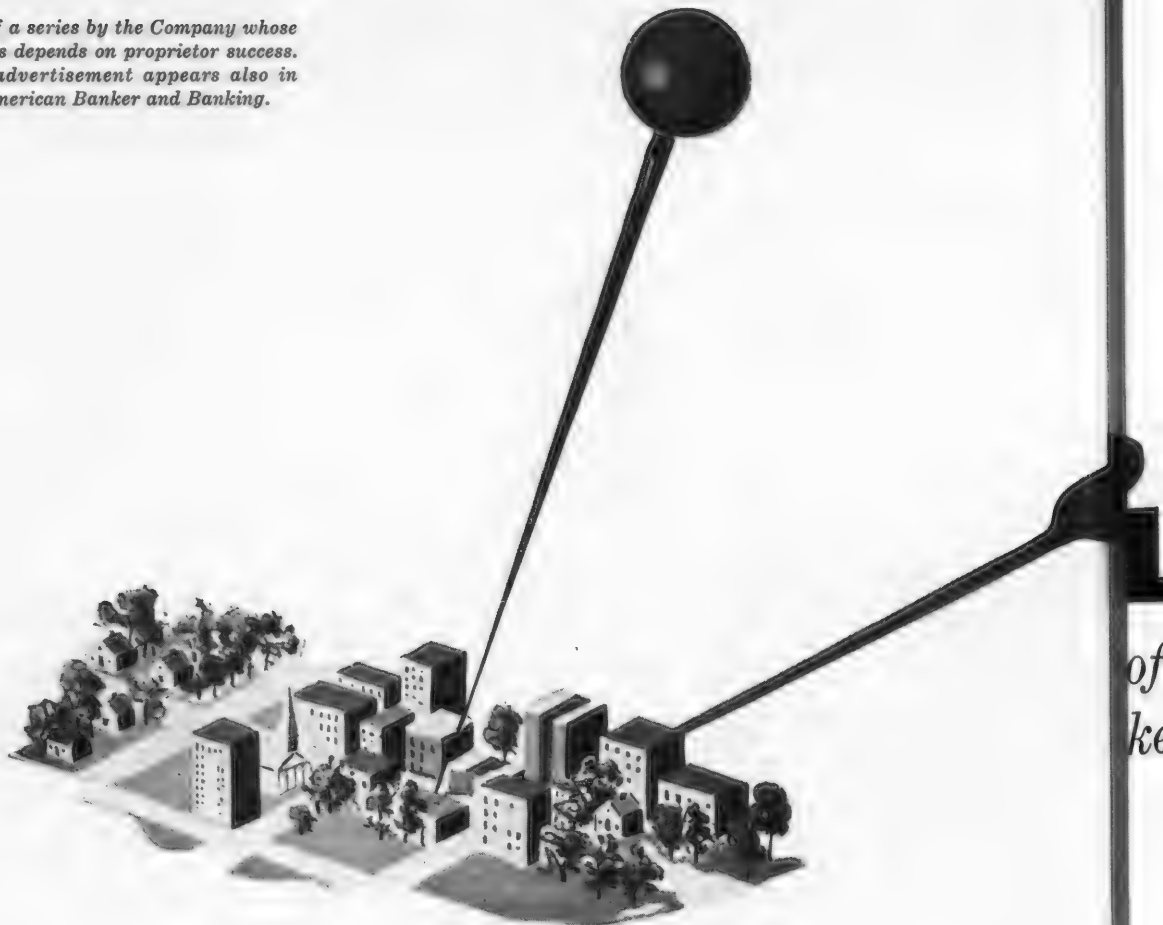
RICHARD K. LEBLOND, II, from assistant vice-president to vice-president, New York Trust Company, New York City.

ROTH S. SCHLECK, from assistant vice-president to vice-president, First Wisconsin National Bank, Milwaukee, Wis.

JOHN J. CANNON becomes vice-president, Bank of America, NT&SA, San Francisco.

(CONTINUED ON PAGE 20)

One of a series by the Company whose success depends on proprietor success. This advertisement appears also in the American Banker and Banking.



It is by no means the only factor, but it is vitally important.

Through its leasing of Automatic Pinspotters, AMF has been able to compile statistical information never before available to the bowling industry.

Lineage reports from proprietors representing nearly 40,000 bowling lanes prove that four elements are essential for the successful operation of a bowling center:

1) Competent Management. Successful business experience is a prerequisite to successful operation. (AMF offers without charge a top-flight course on "Modern Business Management of a Successful Bowling Center." The course is staffed by leaders in the field of bowling.)

2) Location.

- a) The bowling center should be located in an area where a minimum of 1,000 population per lane is within the general shopping area of each existing and proposed establishment.
- b) The bowling center should be at least two miles from any existing or proposed center. Exceptions to this rule can be made only when a detailed analysis has proved that a definite need for additional lanes exists. In such cases the population of the shopping area should be well in excess of 1,000 per lane for all existing and proposed establishments.

3) Modern Equipment. AMF Automatic Pinspotters, in conjunction with AMF bowling lanes and associated equipment,

LOCATION

of a bowling center is one of the key factors that determine success

best fulfill this requirement for successful operation.

- 4) **Proper Financing.** The modern bowling center cannot be under-capitalized. The proprietor should have a minimum of 25% equity in the bowling equipment.

BOWL WHERE YOU SEE THE



AMF PINSPOTTERS INC.

Subsidiary of AMERICAN MACHINE & FOUNDRY COMPANY
AMF Building • 261 Madison Avenue, New York 16, N. Y.

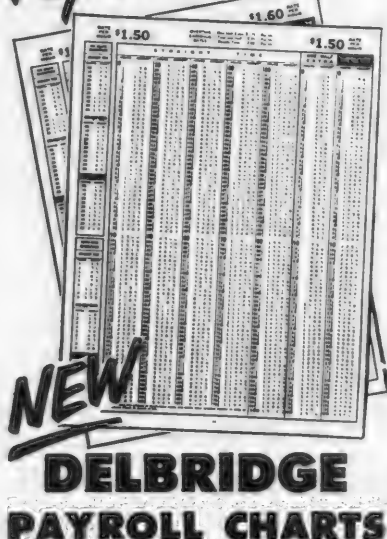
Bowling on ABC National Network TV sponsored by AMF. BPAA ALL-STAR Tournament—Jan. 18 and "Bowling Stars" every week on the same network. Consult your local listings for both shows.

AMF and its Franchised Dealers are actively seeking new locations and individuals meeting the requirements to the left. Financial institutions contemplating advancement of mortgage money for new bowling centers are urged to communicate with AMF for reliable information.

Since AMF leases Automatic Pin-spotters, the prosperity of each AMF-equipped center is of continuing, vital concern to the Company. This fact is a tremendous added safeguard from which proprietors and lending institutions alike can benefit.

*TRADEMARK AND SERVICE MARK OF AMF

Fastest, Easiest Way to Figure Payroll Earnings!



Tests prove the DELBRIDGE way takes less than 1/2 minute to figure an employee's weekly earnings! 24% faster than any machine... 68% faster than hand figuring... far less tiring.

Charts cover hourly pay rates from 50¢ to \$3.50 in 1/2¢ steps—then to \$4.00 in 2 1/2¢ intervals. Straight time periods from 1/4 hr. to 100 hrs. in 1/4 hr. steps—1/4 hr. to 20 hrs. overtime in 1/4 hr. intervals. 1/12 and 1/10 hr. calculations also shown. Each chart gives whole cent rate on front, 1/2% rate on reverse side.

Charts fit your specific payroll requirements—order just the rates you need. So simple, so easy, anyone can use them. Pre-calculated answers eliminate computation errors—can save hundreds of dollars per year by reducing clerical help. Guaranteed accurate by Lloyd's of London.

First 10 charts, 50¢ each. Additional charts ordered at same time, 25¢ each. Mail coupon for FREE sample chart. Try it... then you be the judge. Absolutely no obligation!

FREE TRIAL COUPON!

Delbridge Calculating Systems, Inc.
2502 Sutton Ave.
St. Louis 17, Missouri

Send the following sample DELBRIDGE Payroll Chart—without obligation! We will use it in our payroll department and decide later whether to order additional charts.

(Specify rate desired) \$.....per hour

Name.....Title.....

Company.....

Address.....

City.....Zone.....State.....

Dept. B. 101 W. 31st St., New York 1, N. Y.

Main Street (Continued)

DAVID D. STEERE, board chairman of Republic Insurance Company, Dallas, Tex., and Allied Finance Company, becomes president, American Finance Conference.

RALPH L. NEILSON, partner, Lincoln G. Kelly & Co., becomes vice-president, Walter Bank and Trust Company, Salt Lake City, Utah.

GEORGE A. HOOP, JR., from trust officer, Barclay-Westmoreland Trust Company (now a Mellon National Bank of Pittsburgh, Pa., branch), to trust officer, First State Bank and Trust Company, Eustis, Fla., succeeding GEORGE W. ANDERSON, who retires.

LOGAN CLARKE, JR., from assistant vice-president to vice-president, National Shawmut Bank of Boston, Mass.

SUMNER DEITRICK, vice-president and branch manager, retires from California Bank's Covina office after 40 years in banking, including service with banking department of state of Oregon and presidency of Covina National Bank.

GRANT KEEHN, from executive vice-president, First National City Bank of New York, to senior vice-president, Equitable Life Assurance Society of the United States.

ALEXANDER J. KRAEMER, from assistant vice-president to vice-president, Northwestern National Bank of Minneapolis, Minn.

ROBERT E. WILSON, SR., president, Osborne Trust Company, East Hampton, N. Y., retires as of January 1.

COL. GORDON PRATT, USAF, Ret., becomes special representative, First National Bank of Montgomery, Ala., to be located at Maxwell, Ala., as of January 1.

LEONARD E. B. ANDREWS, public relations director, from assistant vice-president to vice-president, Texas Bank and Trust Company, Dallas; HARRY L. DEDMAN becomes assistant vice-president.

THOMAS W. MACMINN becomes vice-president, Metropolitan Bank of Miami, Fla.

LAWRENCE W. BUNTING, auditor, retires from National Bank of Commerce, Norfolk, Va., after 41 years of service.

FREDERICK SUNDERMANN, from vice-president to executive vice-president, National Bank of Westchester, White Plains, N. Y.

RALPH M. STEIN, vice-president, Central Northwestern National Bank, Minneapolis, also becomes cashier.

Animated Figures Run to Bank on Wooden Construction Fence

These animated figures seem all up in the air about New York Savings Bank's new branch. When construction was begun on this new East Side office, contractors built a wooden fence 16 feet high and 170 feet long, which presented the bank with valuable exhibition space in the heart of one of the city's most active business centers.



As shown, the plain fence was transformed into a display rivaling famous Broadway spectacles. Animated figures are operated electrically and, at the top of the display, a row of flashing, running lights also gives the appearance of movement. The entire sign is illuminated at night. Lights go on at dusk and off at 1 A.M., automatically.

Bank Buries "Historicapsule" in Its Foundation

FIRST NATIONAL BANK, Minneapolis, Minn., is imbedding a container of historically significant items in the foundation of its new 28-story building now under construction in downtown Minneapolis.

Called a "historicapsule," and actually one of the bank's smaller safe deposit boxes, the container will be set behind the structure's cornerstone. Concrete will be poured all around the capsule, sealing it in for as long as the structure stands.

In the capsule will be the bank's latest statement, and its earliest one, dated 1857. Certain issues of the Minneapolis Star-Tribune and mementos of the State Centennial will be photographically reproduced in reduced size, and included along with the statements.

The bank invited the public to send in suggestions for any other historic papers and documents which might be appropriately microfilmed for inclusion in the capsule.

GORDON JONES, from executive vice-president to president, Fulton National Bank, Atlanta, Ga. POPE F. BROCK becomes board chairman; BOLLING JONES, JR., becomes executive committee chairman.

JOSEPH C. BICKFORD, H. CARLETON WHITE, Bankers Trust Company, New York City, both become vice-presidents.

T. C. KENASTON, from president to board chairman, Cocoa Beach (Fla.) State Bank.

IRA FRANK, JR., WEYMOUTH S. KIRKLAND, FRANK J. O'ROURKE, all become vice-presidents, American National Bank and Trust Company of Chicago, Ill.

LANDON K. THORNE, JR., becomes first resident representative in Rome, Italy, for Bankers Trust Company, New York City.

CHARLES A. ROLOFF becomes vice-president, First Wisconsin National Bank, Milwaukee.

SAMUEL P. CASSEN, member of the A.B.A. Committee on Federal Legislation and former Maryland vice-president of the Association, died in November. MR. CASSEN was president of Towson (Md.) National Bank.

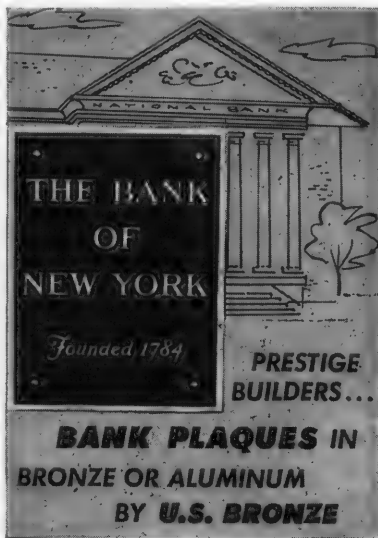
THE MOVE FORWARD IN TRUST PROFITS IS MADE WITH KENNEDY SINCLAIRE



Visit the Kennedy Sinclair Booth at the Mid-Winter Trust Conference. Or write or phone PILGRIM 4-8200.

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New Headquarters
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Signs of distinction, in excellent taste—from desk name plates to building facade letters. The impressive creations of U.S. Bronze serve the country's leading banks. Yet the cost is modest. Write today for catalog and full information.



UNITED STATES
BRONZE
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Free
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Dept. B, 101 W. 31st St., New York 1, N. Y.

Take Another Look at Arizona

Arizona's Partner In Progress Since 1877



Oldest Bank In Arizona

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

University Offers Mobile Home Course

With the mobile home industry already a multi-million-dollar business, the demand for specialized training in this field is growing. Backed by the industry which needs qualified people in all phases, Michigan State University is first to include a major course in mobile homes, in a 4-year study for a Bachelor of Science Degree. Graduates receive technical training in mobile home manufacturing, distribution, park construction and operation . . . must complete at least 16 weeks of actual working experience to qualify for degree.

◆ ◆ ◆

Mobile Home Dealers Say Outlook is "GOOD"

Survey of a representative group of 200 dealers supports an industry-wide optimism . . . with 90% of those surveyed predicting that the mobile home sales outlook for the immediate future is "good."

General agreement is that greatest factor for future growth and progress is more modern mobile home park facilities to accommodate additional homes being produced and sold . . . 89% of which are used as permanent housing.

Trend to purchase larger homes (87% sold in September 1958 were over 35 ft. long—74.6% were ten widers) means more space per home . . . demanding major park remodeling, expansion and additions. Support of permanency is report that some parks are already selling lots to mobile home owners instead of renting space.

◆ ◆ ◆

Could You Guess The Price?

While some small units, such as vacation or travel trailers, cost less than \$1,000 . . . the average mobile home today sells at around \$4,500. General price range is \$3,000 to \$6,000 for 2 and 3-bedroom models, equipped and furnished for family occupancy. An impressive figure that adds even greater stature to a BIG business!



THESE INFORMATIVE HIGHLIGHTS ON ONE OF AMERICA'S IMPORTANT INDUSTRIES ARE PRESENTED IN THE HOPES OF BETTER UNDERSTANDING OF MOBILE LIFE . . . BY

FOREMOST INSURANCE COMPANY

Grand Rapids 3, Mich.

No. 1 SPECIALIST IN
MOBILEHOME PROTECTION

J. WESLEY LITTLE, vice-president, retires as manager of Holmesburg office of First Pennsylvania Banking and Trust Company.

GEORGE A. GIEK joins Putnam County Savings Bank, Brewster, N. Y., as president, succeeding GEORGE E. JENNINGS, who retires.

ROGER S. AMES joins Bishop National Bank of Hawaii as vice-president.

C. DEWEY MOORE becomes cashier, First National Bank of Atlanta, succeeding J. HARVEY LESTER, who retires after 45 years of service.

WILLIAM E. BUDDS, from senior examiner, Connecticut State Banking Department, to president, Charter Oak Company, newly-organized private bank in Hartford, Conn.

ROBERTO DE OLIVEIRA CAMPOS, president, National Bank for Economic Development, Brazil, receives honorary doctorate in commercial science from New York University.

J. HARVEY LESTER, cashier, First National Bank, Atlanta, Ga., retires after 45 years of service.

G. ARNOLD HART, general manager, Bank of Montreal, becomes director and vice-president.

(CONTINUED ON PAGE 26)

Decatur Banker Elected to Chicago Federal Reserve Board



John H. Crocker

JOHN H. CROCKER, president, Citizens National Bank, Decatur, has been elected a director of the Federal Reserve Bank of Chicago. Mr. CROCKER is the first downstate Illinois banker to be elected to the Federal Reserve Board since the system was set up in 1913.

Other bankers serving as directors of the Seventh Federal Reserve include Walter J. Cummings, board chairman, Continental Illinois Bank and Trust, Chicago, and Vivian W. Johnson, president, First National Bank, Cedar Falls, Ia.

Soundsciber President Elected NAM Head



Stanley C. Hope, left, president-elect of the National Association of Manufacturers, accepts gavel from outgoing president, Milton C. Lightner, at the 63rd Annual Congress of American Industry in the Waldorf-Astoria, New York, December 4. Mr. Hope is president of Soundsciber, North Haven, Conn. Mr. Lightner is chairman of the board, Singer Manufacturing Company, Elizabeth, N. J.

**In the time it takes to replace a fuse,
our night staff processes 2500 cash items**



Even if you had to grope in the dark with matches the chances are you could replace a burned out fuse in just about five minutes.

But whatever time of night it was, *our lights* would be burning brightly.

For all through the night, our staff is busy processing cash items. They speed items through at the rate of 500 per minute. That means that many of the checks mailed to us in

the afternoon become available funds *the following morning*.

This valuable service by our night staff has won the Continental hundreds of enthusiastic correspondents from coast to coast.

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Three of them still do (*see below*)—and
we handle occasional jobs for the fourth.



You and Your Property

A Monthly Letter from the Trust Department of

BANK of DELAWARE

formerly Equitable Security Trust Company

DECEMBER 1980

WHAT AN EXECUTOR MUST DO

—and what your executor must know


In making a Will it is customary to name some person to carry out the Will's instructions—that is, to nominate an executor. If this is not done, the Court will appoint what is termed an administrator with the Will annexed. But who wants to appoint some stranger (possibly) to his Will when the law gives him

the right to name his own executor?


The primary function of an executor has been indicated: it is "to carry out the Will's instructions." But by law and custom other duties have been added. In quick summary, these are the principal duties of an executor, as they might relate to your Will; some he will attend to personally, others through an attorney.

1. To offer the Will for "probate." That is, to have the Court affirm its authenticity as your *Last Will*, executed as prescribed by law, you being in your right mind and under no pressure of undue influence or duress.
2. To collect your assets, giving them such protection as may be appropriate. Securities, for example, would be adequately insured.
3. To tax return and pay your debts. If any claims seem unfair, to contest them in court if necessary, or to enter into such compromises as may seem advantageous.
4. To ascertain, and seek payment of, claims the decedent may have had against others—a variety of "assets," really.
5. To evaluate your assets for estate tax purposes and to establish bases for capital gains or losses in connection with income tax returns of the estate and the Will's beneficiaries.

(Continued on page 102)




HEADS



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TAILS

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FIRST NATIONAL...


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Belton Landing
South Glens Falls
Hancock Federal Deposits
Insurance Corporation



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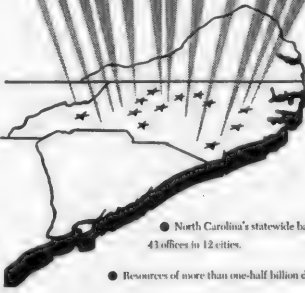
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Main Street (Continued)

LLOYD MAZZERA, executive vice-president, Bank of America, N.T. & S.A., San Francisco, and ROLAND PIEROTTI, assistant to the president, receive Order of Merit of the Republic of Italy for contributions to Italian recovery and development and participation with the Italian consulate in Italian-American events in San Francisco.

JOHN H. PEACOCK, from assistant vice-president to vice-president, Coral Gables (Fla.) First National Bank; WILLIAM KLUG, from assistant vice-president to vice-president.

THOMAS B. REED, from vice-president to senior vice-president, Pan American Bank of Miami, Fla.

R. C. NAHM, from vice-president, Coral Gables (Fla.) First National Bank, to executive vice-president and director, Bank of South Miami.

HENRY J. (DAN) BOONE, editor of Burroughs Clearing House Magazine, retires after 34 years of service with the Burroughs Corporation, publishers of the magazine.

A. G. MACARTHUR becomes president, newly organized Southern Industrial Bank, Jacksonville, Fla.; LEO A. JANSEN, becomes vice-president.

G. N. PARKER is board chairman of new National Bank of Sarasota, Fla.; FRED McDONALD is vice-chairman. ALAN M. COOPER is president, L. L. PRINCE, executive vice-president, and WENDELL COLSON, vice-president.

GEORGE O. MAY, director of the Council on Foreign Relations, Inc., and for many years a director of the National Bureau of Economic Research, is delivering a series of two lectures at the Graduate School of Business, Columbia University, on the development of financial accounting. MR. MAY, often called the "dean of American accountancy," came to New York in 1901 after starting his accounting career in his native England, and has been one of the active, well-known figures in American accountancy ever since. One lecture was delivered last month and the other is scheduled to be delivered during January.

New IBA President



William D. Kerr, above, partner in Bacon, Whipple & Co., Chicago investment bankers, was elected president of the Investment Bankers Association of America at the IBA's 47th annual convention at Bal Harbour, Fla., in early December. Mr. Kerr succeeds William C. Jackson, president, First Southwest Company, Dallas, Tex.

Water Test Proves Vault Watertight

ONE of the most grueling water tests to which a bank vault has ever been exposed has just been completed 32 feet below Wall Street. The test, using 1,640 pounds of water pressure per square foot, proved that the new vault installed by United States Trust Company, New York, is completely watertight.

On December 2, 85,000 gallons of water were pumped into a "cat-walk" like area between the electrically welded steel plate of the inner vault and the 30-inch reinforced concrete wall of the outer vault. The pressure was achieved, then held eight hours. At the end of the 8-hour test period, not one drop of the 85,000 gallons of water leaked in.

United States Trust will begin using this 40,000-cubic-foot watertight giant in the middle of 1959, when it returns to 45 Wall Street in new quarters in a 27-story building. Now that the vault has been tested and approved, shelving that would run more than three times the length of Wall Street will be installed to house \$6-billion in securities.

BURTON P. ALLEN, JR., from president, First Minnesota Discount Corp. to vice-president and cashier, First National Bank, Milaca, Minn.; Edward M. Olsen, vice-president and director, becomes first vice-president; ELVIN E. ANDREWS becomes second vice-president.

(CONTINUED ON PAGE 28)



an idea is one thing

the solution another

Five hundred years ago Leonardo da Vinci drew plans for an airplane. Da Vinci's thinking was so far ahead of the technical skills available to him that mankind spent nearly five centuries achieving truly successful and commercially practical applications of his ideas.

Today, the solution must quickly follow an idea. Old Republic's dynamic approach to insurance problems comes from a positive interest in new ideas, practical solutions to these ideas and quick action to put them into practice.

Our Special Risks Division has supplied the solution to many new insurance ideas. It is always ready to explore others.

The experienced, highly trained staff of our Credit Life Division has designed special coverages for commercial banks, sales and consumer finance companies, savings and loan institutions, mutual funds, farm credit agencies and credit unions.

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Write for our thought-provoking folder, "Trends in Bank Design." You may have one copy, or as many as you wish. Better still, why not have our representative visit your institution? There is naturally no obligation.



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Main Street (Continued)

REX B. STRATTON, from assistant vice-president to vice-president, Security Trust and Savings Bank, Billings, Mont.; EUGENE E. COOMBS becomes assistant cashier.

ROBERT L. KIRK becomes vice-president, Central-Penn National Bank of Philadelphia; WILLIAM H. TOMLINSON becomes vice-president.

A. J. BERWICK, from senior vice-president to president, Doane Agricultural Service, Inc., St. Louis, Mo., succeeding REX R. BAILEY who retires after nearly 35 years of service.

F. WILLIAMS NICKS, from vice-president to president and chief executive officer, The Bank of Nova Scotia, Toronto, Canada, succeeding C. SYDNEY FROST, who retires after 50 years in banking but remains a director of the bank; ROBERT L. DALES becomes executive vice-president.

EADS POITEVENT, JR., becomes president, National American Bank of New Orleans, succeeding JOHN LEGIER, who becomes board chairman.

CLYDE S. CASADY becomes executive secretary, Savings Banks Association of Massachusetts, succeeding the late KENNETH MCDUGALL.

GEORGE L. WRENN, II, retires as president of Provident Institution for Savings, Boston, Mass.

Who Mislaidd New Jersey?

"IT is not only a long way to Tipperary, but to New Jersey, also."

We quote a Mr. R. Newton Sneden (recently misspelled Sweden) of a Bergenfield, N. J., savings institution. It seems that an envelope bearing BANKING was dispatched to that financial organization and that the bottom line of the address read "Att. R. Newton Sweden." Once the envelope got into the U. S. Postal system, it was promptly sent, of course, across the Atlantic to Sweden. When the Swedish postal system took over the problem, some Swedish postal clerk no doubt shook his head as he wrote large and clear on the envelope, U. S. A. On its second try in its native land, the envelope found its way to Bergenfield and Mr. Sneden. We repeat . . . "it's a long way to Tipperary."

GEORGE P. EDMONDS, from president to board chairman, Wilmington (Del.) Trust Company; JOSEPH W. CHINN, JR., from vice-president and trust officer to president.

RAYMOND T. PERRING, president and director, Detroit Bank and Trust Company, was one of three University of Michigan alumni honored by receiving outstanding achievement award of U-M Regents.

OLIN S. BREWSTER retires as senior vice-president, First National Bank and Trust Company of Bay Shore, N. Y., after 47 years of service.

Bank Replaces Trees Felled by "Exhaust-ion"



Leaning on manila line at tree-planting ceremony are, left to right, Paul T. O'Keefe, deputy mayor, New York City; Raymond C. Deering, senior vice-president, Manufacturers Trust Company; Harold S. Miner, vice-president in charge of the bank's office at Fifth Avenue and 43rd Street

MANUFACTURERS TRUST COMPANY, New York City, determined to grow trees in front of its "glass bank" on Fifth Avenue, hopes that the Ginkgo, most ancient of all living trees and a survivor of the Jurassic period of 10 million years ago, may be the hardy-lunged survivor to withstand bus, cab, and scooter fumes generated on that famous avenue.

Honey locusts were first tested. They recently succumbed to the noxious traffic fumes, perishing as the bank's landscape artists put it, from "exhaust-ion." So the bank took a leaf—indeed, a whole tree—from the pages of history and carefully planted three rugged Ginkgos, a tree species imported to this country from China early in the last century.

DEAN J. MCDOWELL, from assistant vice-president to vice-president, Bank of America, N.T. & S.A., as head of business development in Northern California.

GEORGE W. SIMPSON becomes vice-president, Dime Savings Bank, Wallingford, Conn.

HERMAN H. EDDY, who has been both president and vice-president of County National Bank and Trust Company, Santa Barbara, Calif., retires after 64 years of service.

HAROLD E. CONNERS, from assistant vice-president to vice-president, Marine Trust Company of Western New York, Buffalo; DAVID J. LAUB, from assistant vice-president to vice-president.

E. BEARDSLEY SHUTT retires as vice-president of New Jersey Bank and Trust Company, Paterson, after 26 years of banking service.

ARTHUR F. BOETTCHER, from vice-president to senior vice-president; DAVID H. MOREY, trust officer, from vice-president to senior vice-president.

Seven new vice-presidents at NATIONAL BANK OF DETROIT, Mich.:

ALVIN G. BENSON, JOSEPH G. CONWAY, RICHARD H. CUMMINGS, CHARLES W. ELLIOTT, ERWIN L. KONING, GEORGE E. MADILL, and KENNETH S. PATTON, all of whom were assistant vice-presidents, have been promoted.

JOSEPH S. MOSS becomes senior vice-president at Irving Trust Company, New York City.

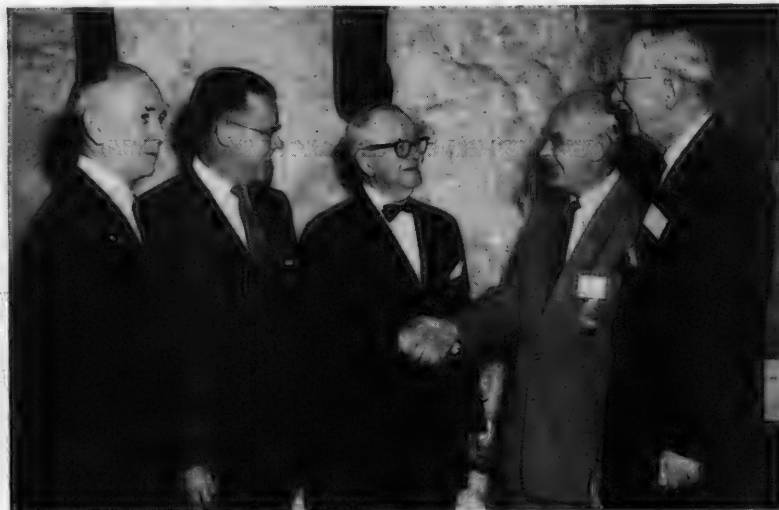
PAUL A. MCMANUS, from assistant vice-president to vice-president, Chase Manhattan Bank, New York; CLINTON W. SCHWER, from assistant vice-president to vice-president.

BENJAMIN ZUCKER, from vice-president, Marwell Bank Displays, Yonkers, N. Y., to head of new R. L. Polk & Co. Bank Business Development Division.

J. BROOKS CORWINE, from assistant vice-president to vice-president, Harris Trust and Savings Bank, Chicago, Ill.; KENT W. DUNCAN, CARL S. STANLEY, promoted from assistant vice-president to vice-president.

GORDON D. BROWN, HOWARD J. PODUSKA, J. LENOX PORTER, Bank of New York, all become vice-presidents.

NASACT President Elected Governor of Maryland



Congratulations were in order for Maryland State Comptroller J. Millard Tawes, center, president of the National Association of State Auditors, Comptrollers, and Treasurers, as the NASCAT opened its week-long convention at Miami Beach in early December. Mr. Tawes, a Democrat, had been elected Governor of Maryland shortly before the convention. Left to right, at a reception given by Metropolitan Bank of Miami and Citizens National Bank of Orlando, are Florida State Comptroller Ray Green; G. James Hughes, president, Metropolitan Bank of Miami; Florida State Treasurer J. Ed Larson; Georgia Treasurer George B. Hamilton

How to avoid unnecessary estate taxes

How often have you had to contend with a wide discrepancy between your valuation of an estate and that placed upon it by the tax authorities?

Such divergence of opinion may lead to costly litigation and, at best, unhappiness among the heirs.

The best way to assure the proper taxes on an estate or to provide for taxes in estate planning is to secure a report by The American Appraisal Company. Valuation of property for fiduciary purposes is one of the important specialized services offered by the leader in the appraisal field. Our reputation for thoroughness and impartiality is unquestioned and our reports are backed by carefully assembled facts that command respect.

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About Banks

BRAZORIA COUNTY STATE BANK, Angleton, Tex., celebrates 50th anniversary by breaking ground for new building, changing name to ANGLETON BANK of COMMERCE.

FIRST NATIONAL BANK of WEWOKA, Okla., holds open house in new bank building.

PEOPLES BANK AND TRUST COMPANY, Selma, Ala., starts construction on new building.

LEBANON COUNTY TRUST Co. holds 3-day open house in new Second Avenue branch.

MINERVA (Ohio) BANKING COMPANY, holds open house at new Main and High streets building.

FIRST NATIONAL BANK of ELKALA, Mont., holds Saturday open house in celebration of its 50th anniversary.

DEPOSIT GUARANTY BANK and TRUST COMPANY, Jackson, Miss., opens new banking quarters.

CITY NATIONAL BANK, Baton Rouge, La., opens University branch.

FIRST NATIONAL BANK of Lafayette, La., opens Southside branch.

LOWELL (Mass.) FIVE CENTS SAVINGS BANK opens North Chelmsford office.

DETROIT BANK and TRUST COMPANY opens Franklin Village office.

CITIZENS STATE BANK, Tupelo, Miss., opens Main Street office.

CITIZENS NATIONAL BANK, Waverly, N. Y., merges into MARINE MIDLAND TRUST COMPANY of SOUTHERN NEW YORK, Elmira, and becomes its Waverly office.

THE DIME BANK, Akron, Ohio, opens Hawkins-Wooster office.

MERCHANTS NATIONAL BANK of BOSTON announces plans for new head office in Prudential Center in Boston's Back Bay. Target date: 1962.

(CONTINUED ON PAGE 116)

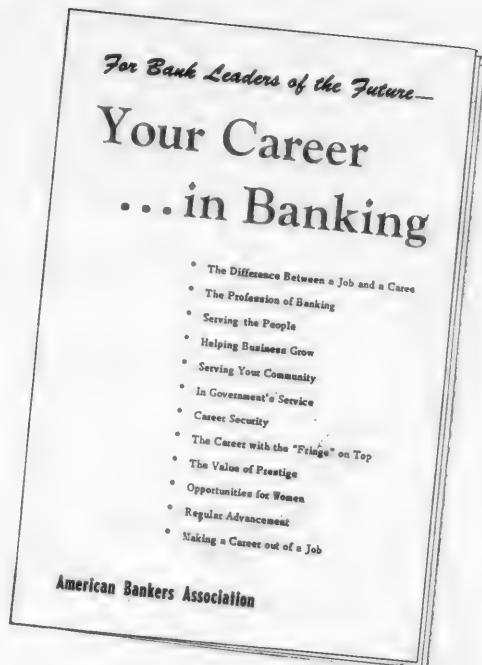
New York Branch Celebrates 125th Year



Jean Anzozina, seated, and Patricia Doherty, standing, both bookkeepers at the Peekskill, N. Y., office of National Bank of Westchester, are dressed in costumes of the 19th Century as they pose near pictures of the bank's former presidents during the branch's 125th anniversary celebration. Founded in 1833 as Westchester County Bank, the Peekskill bank's first president was Major General Pierre Van Cortlandt, whose family was prominently identified with the early history of New York City. The first locomotive arrived in that area in 1849, when the bank was already 16 years old. A newspaper of the day wrote "It came up . . . a distance of 12 miles in 18½ minutes, faster than we should desire to travel over a new track for the first time."

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through this special offer



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career-minded staff members . . . give new and old employees alike a revised estimate of their importance when dealing with the public.

A survey to measure *BANKING* readership recently showed that these 12 articles were highest in "helpful interest" of all nonregular features. *How to get it for each member of your staff: Drop us a line on your bank's letterhead, listing the names and home addresses of one or more employees to whom you'd like to give subscriptions to BANKING magazine. For each name you list, we'll send you one copy of YOUR*

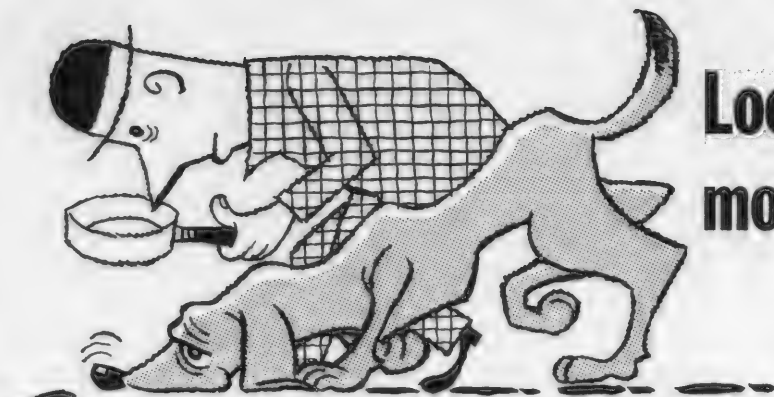
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A nation-wide survey made by Christmas Club a Corporation shows that Christmas Club members are concentrated in the young family group

Age Bracket	Proportion of Total Population In Age Bracket	Proportion of Christmas Club Membership In Age Bracket
Under 15 Years	29.4%	7.8%
15-24 "	13.3	11.0
25-34 "	14.6	21.3
35-44 "	13.9	25.3
45-54 "	11.5	18.0
55-64 "	8.8	10.9
Over 65 "	8.5	5.7
	100.0	100.0



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The OUTLOOK and CONDITION OF BUSINESS

RECOVERY is proceeding at a healthier, more leisurely rate than many thought would be the case last summer when production turned up rather sharply.

Also the geographical and industrial pattern of recovery is reassuringly broad.

In fact, the improvement is steady and gradual enough to satisfy conservatives, puzzle pessimists, and irritate inflationists. Conservatives expect a moderate rise in activity in 1959, pessimists expect that this is a false dawn, and inflationists expect a boom if certain kill-joys would keep their hands off the money supply.

Whether inflation is real or a state of mind is a popular subject of debate featured by a little heat, a little light, and much futility. There are the faith healers who attack inflation with slogans, "Inflation Go Away!" There are those who attack with counter-arguments like high productive capacity, increasing productivity, and the exceptional competence of our leadership in the Treasury and the Federal Reserve. There are those who believe that the only attack likely to succeed is against the causes—Government deficits, the wage-price spiral, and a lack of public confidence in our ability to control these forces.

A more interesting subject to argue about would be whether the fear of inflation is real or considerably diluted with a love of it. In many countries today, where inflation has become a way of life, the victims are forgotten while the others enjoy the ride.

Inflation Our No. 1 Problem, Say Four Financial Editors

BANKING interviewed several eminent financial editors and asked their opinions on inflation and related matters.

Not "whether" but "to what degree"

"**T**HE problem of inflation must be faced in all its brutal realities. Monetary values have been declining steadily ever since they invented portable currency

somewhere around the War of the Roses. The only time we do not have inflation is when we are having a depression, an event no one would want to inspire.

"The problem of inflation is not whether we will have it, but to what degree. It is necessary to thwart the pressures either by Government action or through the voluntary activities of those in the industries involved.

"Inflation plagues us today for a number of reasons, not the least of which is a predisposition for public spending on the part of our elected officials. Stock market prices reflect this by being themselves inflated. Stock prices are also inflated because of the dearth of new issues coming to the market and because of the flight of capital from the bond market to the market for common stocks.

"There are two primary hedges for the investor in a period of inflation. There are real estate and common stocks. In both these areas banks can take a leading role in channeling the savings of their customers into these hedges. Banks should be able to answer a question they are going to be asked with increasing frequency in days to come: What will I do with my money after I have saved it?"—DONALD I. ROGERS, Business and Financial Editor, New York *Herald Tribune*.

For a return to the gold standard . . .

"**I**NFLATION is the most serious problem which the country faces today, and I feel that bankers should take three steps which are necessary if we are to find a permanent solution to this problem.

"(1) Bankers should support some definite program for a return to the gold standard. It is impossible to maintain a sound currency when the public has no effective means of protesting fiscal irresponsibility.

"(2) Because there is a strong tendency in this country to assume that all economic problems can be solved by manipulation of the monetary system, bankers should join with other groups in a program

(CONTINUED ON PAGE 136)

Washington

SBA Gets into the "Act"

Congress Starts Reorganization

Federal Expenditures . . . and Receipts

THOMAS W. MILES

THE Small Business Administration's caution in carrying out the new act for small business investment companies may be the very thing that upsets the act. Political pressures mounting in Congress could result in radical changes "liberalizing" it in the months ahead.

Already there have been two sharp exchanges between Administrator Wendell B. Barnes of the SBA and Representative Wright Patman, chairman of the House Small Business Committee.

These were followed by a pronouncement from the Democratic Advisory Council which declared:

"New sources of long-term credit and equity capital should be opened up for small businesses, and Congress should focus its attention on the manner in which the Small Business Administration, through its regulations and ruling, has served to weaken the implementation of the Small Business Investment Act and to subvert its purpose."

Mr. Patman put this even stronger. He charged that the regulations add up to "a substantial veto of the act."

Mr. Barnes was undaunted. He answered: "It appears that you are suggesting that this Agency ignore

the intent of Congress and follow only your own views on the program."

Meanwhile the SBA got on with its SBIC business. It published preliminary and final regulations and about the time that this January issue of *BANKING* is published it should be issuing its first licenses for small business investment companies.

A selected number of banks in the major financial centers will probably be the ones getting these licenses and the great majority of these will go to companies that are financed from private sources, not SBA financed. For the time being SBA will skip licensing companies asking for SBA funds. On this point Mr. Barnes has said:

"The Agency will consider first for licensing or approval to operate and receive the tax advantages and other benefits provided by the law, those proposed investment companies which do not plan on or ask for financing from the Government. Considered second will be the ones which plan to seek only the loan assistance in their financing."

Charles M. Noone, tax counsel for the newly organized trade association in the field, the National Association of Small Business Investment Companies, reported that licensing will be slow for three reasons:

- (1) The SBA staff is limited to about four people to handle applications and administer the program.
- (2) Only \$50,000,000 of the \$250,000,000 revolving fund authorized

New Tax Guides Available

Your Federal Income Tax, 1959 edition, has again been issued by the Internal Revenue Service to help taxpayers prepare their income tax returns. It explains, with many examples and illustrations, what income is taxable and what items deductible. This 128-page edition, for use in filing 1958 tax returns and Declarations of Estimated Tax for 1959, includes a completely filled-in return keyed to explanations in the text.

Also published by the Internal Revenue Service, the 1959 edition of *Tax Guide for Small Business*, for use in filing 1958 income tax returns and excise tax returns and other returns for 1959, contains 128 pages of explanations and answers to most of the tax problems of the small businessman. It answers the Federal tax questions of corporations, partnerships, and sole proprietorships, and explains in plain terms the tax results from buying a business, starting a business, operating a business, and the sale and other disposition of a business. It contains a tax calendar for 1959, which indicates to the businessman what he should do and when he should do it in regard to the various Federal taxes, and also has a check list which affords the man just starting in business a quick method of determining for what Federal taxes he may be liable.

Copies of both guides are available at \$.35 per copy from the Superintendent of Documents, Department T, Government Printing Office, Washington 25, D. C.

has been appropriated for the first year of operation.

(3) The novelty of the program and the SBA's anxiety to avoid harmful mistakes is making it proceed slowly and cautiously.

The SBA is vigorous in its defense of the 5% interest rate it has set for the funds it lends SBICs. Federal funds were provided only as a "pump-primer" to get the program rolling in those places where it might not otherwise do so, the SBA explained. Other features of the SBIC Act should stimulate the formation of these companies wholly from private resources.

One inducement is what Mr. Noone calls "tax shelter opportunities." Of this he commented to the American Management Association: "The combination of unlimited ordinary losses, should the venture not succeed, plus capital gain and tax free dividend opportunities if it is successful, presents an irresistible attraction to high bracket taxpayers."

Tax Features of SBICs Are Cited

The tax features of the SBICs were also cited by Chairman Wilbur D. Mills of the House Ways and Means Committee in a speech before the Tax Foundation. He said:

"The interest of Congress in the last session in emphasizing aid for the venturesome types of investment can be illustrated by some of the special (tax) features added for the encouragement of small and new businesses. I am referring particularly to the ordinary loss treatment provided for losses realized on small business stock and the extension of the net operating loss carryback for one more year."

Bank Experience Favored

The SBA favors banking experience in the setting up and administration of the SBICs. SBIC field examiners are being directed to inquire about the financial experience available in the investment companies. Not that persons experienced in other lines are not good, but their experience is not as broad and comprehensive as those in banking. What the SBA is looking for is management experience and background. Banking has many such persons.

The attitude of the SBA is that the investment companies should

be run by people capable of making them successful ventures. This means insistence on sound financial management of businesses.

Congressional Shape-Up

Although the first session of the 86th Congress will formally convene January 7, it will take the better part of the month to get under way in view of the extensive reorganization of the committees brought about by the elections. During that "shake-down" period there will be plenty to talk about and to do. President Eisenhower will send over his State of the Nation report, then the Budget Message and the 1960 Federal budget, and finally the Economic Report prepared by his Council of Economic Advisers.

The Democratic voting margin will be at least three votes on Senate committees and 8 to 10 votes on

House committees. On some of these committees the entire top echelon of Republicans has been removed. The assignment of members to the various committees is the first job of the new Congress.

These appointments will be made in accordance with traditional practices giving consideration to seniority, personal choice, geography, previous experience, and party loyalty. Members with seniority may seek transfers to committees which are more directly concerned with the interests of their constituents than those on which they have served, and new members will try to get the best assignments they can.

The ratio of Democratic and Republican members on a committee is determined by the ratio of Democrats to Republicans as a result of the last election. In both the Senate and the House this ratio will be

Series E Bonds at Drive-in Window

THE rain of a wretched Washington day let up long enough to permit Treasury Secretary Robert B. Anderson to dramatize the sale of Series E Savings Bonds at a "drive-in" bank window. Standing hatless and coatless, Mr. Anderson was photographed along with Under-Secretary Julian Baird, Senator Olin D. Johnston of South Carolina, Representative Robert W. Hemphill of South Carolina, and John Mosler, executive vice-president of the Mosler Safe Company. Each of them gave a short talk.

The Mosler Company, which set up the "drive-in" bank window for the ceremony, made the vaults housing the Constitution and Bill of Rights in the National Archives and those for the storage of the nation's gold at Fort Knox.

At the "drive-in" window was Marian Polk of the Peoples National Bank, Rock Hill, N. C. Miss Polk was selected "Miss Drive-In Teller of 1958" by bankers in a nationwide contest.

Left to right: Miss Polk, Sen. Johnston, Mr. Mosler, Secretary Anderson



roughly 2 to 1. Senators usually serve on two standing committees and Representatives on only one, in addition to joint, select, and the District of Columbia committees.

Members who desire specific committee appointments let their preferences be known to their party leaders in the Senate and the House. The machinery for making these appointments is this:

In the Senate the Democratic Floor Leader appoints the members of the Steering Committee as authorized by the party caucus and these Steering Committee members then serve as the Committee on Committees which draws up the slate of appointments for approval by the Senate. The number of members on this committee is designated by the Floor Leader and is usually about 15.

For the Republicans, the chairman of the Republican Conference appoints the members of the Committee on Committees and this consists of about 11 members. Similarly their slate is submitted to the Senate for approval.

In the House the Democratic Committee on Committees is composed of Democratic members of the important House Ways and Means Committee. These members are selected by a caucus of the full Democratic membership of the House. Each member has one vote in determining committee appointments. Their slate of appointments is approved by the Democratic caucus before being confirmed by the House.

The Republican Committee on Committees consists of one repre-

Export-Import Bank Advisers

T. GORDON UPTON, vice-president, Foreign Department, The Philadelphia National Bank, is a member of the Advisory Committee to the Export-Import Bank of Washington. The committee commenced its fourth year of service November 24 at a meeting in the bank's headquarters in Washington. Albert L. Long, vice-president, Republic National Bank of Dallas, and president of the Bankers Association for Foreign Trade, and Leo N. Shaw, senior vice-president (retired), First National City Bank of New York, are among new members on the committee.

sentative from each state that has Republican representation in the House. The State Delegation selects the member for the committee and he is then entitled to cast as many votes as there are representatives in the State Delegation. The slate of committee appointments is sent to the Republican conference for approval before going to the House for confirmation.

After that the House has to pass its own rules because each new House adopts its rules. In the Senate this situation is not too clear because only one-third of the Senators come up for re-election and the question whether or not the Senate is a continuing body is still moot in some quarters. The question has a direct bearing on whether the Senate Rules carry over from Congress to Congress and has pertinence this year in view of the mounting attack on Senate Rule 22 on cloture in the civil rights fight.

Accordingly, on the House side the Banking and Currency Committee, for instance, is not even formally constituted as a committee until its members are elected to serve on

it. The personnel changes on both the Senate and House Banking Committees, however, involve only two men on each, as **BANKING** pointed out last month.

Government Spending

So much for the reorganization of the Congress, but what about the Federal spending and tax picture? This was clearly drawn with its contrasts and paradoxes by Budget Director Maurice H. Stans and Chairman Wilbur D. Mills of the House Ways and Means Committee in two talks each in New York.

Mr. Stans saw "little hope" of holding expenditures in fiscal 1959 much below \$80-billion, if at all. He anticipated a budget deficit of more than \$12-billion which will follow a \$3-billion deficit for the fiscal year that ended last June.

The worsening of more than \$9-billion in the budget deficit was attributed by Mr. Stans to adverse changes in receipts and expenditures. Receipts will be down \$2-billion because of lower tax collections resulting from the recession.

Expenditures will go up \$7-billion. Mr. Stans analyzed this figure thus: major national security \$1.9-billion; agriculture and agricultural resources \$1.9-billion; commerce and housing \$1.8-billion; labor and welfare \$1-billion; general government \$300-million; and all other \$400-million.

Mr. Stans made the additional point that the greatest increases since last January in this year's expenditures resulted not from international tensions, but occurred in domestic programs.

Hinting about the new budget, Mr. Stans said; "Nobody should be surprised if in the President's coming budget message there are a number of proposals made to scale down or

Holding Company Association

JOSEPH H. COLMAN of Minneapolis, president of First Bank Stock Corporation, has been elected president of the Association of Registered Bank Holding Companies, whose member organizations represent over \$13-billion in banking resources.

He succeeds J. Cameron Thomson of Minneapolis, Northwest Bank-corporation's chairman of the board, who retires January 25 as head of the association.

Purposes of the new association include supporting sound banking practices and compiling facts concerning the nature and operations of bank holding companies and their role in the American banking system. Headquartered at Washington, D. C., it has as its executive director Donald L. Rogers, former counsel for the Senate Committee on Banking and Currency.

Nineteen of the nation's major bank holding companies belong to the association. They represent over 300 banks doing business at more than 1,000 banking offices in 26 states.

(CONTINUED ON PAGE 118)

What Yardstick for Service Charge Income?

*There Is No Substitute for Cost Analysis;
Mere Comparison with Averages Can Be Misleading*

GEORGE R. AMY

HAVE bankers been oversold on the use of average figures for comparative purposes in determining the adequacy of their banks' income from service charges? From discussions, speeches, lectures, and reports made by banks as based on these average data, it seems obvious that far too much emphasis is being placed on this approach. For instance, it is commonplace to hear a banker refer in glowing terms to the fact that his bank's service charge income was considerably higher than the average figures shown in the annual earnings and expense reports published by the various supervisory agencies and other organizations.

"Average" May Be Below Your Par

True, this is a definite indication that a bank has fared better than average. However, should average income figures be recognized as the ideals at which banks in general should aim? No, they should not be considered as such, for these comparisons can very well mislead bankers into a feeling of complacency in this respect—the attitude that they are doing fine when in reality there is great need for improvement.

To illustrate this point, let us look at the latest available average service charge income figures from deposit accounts per \$100 of current operating earnings for 1957, based on data obtained from the following sources:

Annual report, FDIC	\$5.48
Annual report, Comptroller of the Currency	5.68

Mr. Amy is deputy manager of the American Bankers Association in charge of the Country Bank Operations Commission and secretary of the State Association Section.

Federal Reserve Bulletin,
June 1958

5.24

Let us suppose that the service charge income for a certain bank was \$6.50, which, when compared with the \$5.48 figure for all FDIC banks, indicated that this bank was about 20% better than the so-called "par."

But, what is this "par"? For FDIC its figures for 1957 covered 13,084 banks. Recent A.B.A. survey figures indicate that included in this group are at least a few hundred banks which have no service charge plans; also that the great majority of banks are still using rates which, when compared with current bank cost data, are insufficient to cover actual costs, let alone profit and provisions for losses.

If this basic procedure were applied to the game of golf, the par for a golf course would be the average of all scores played on the course, or a par of perhaps 95 instead of the normal par of about 72. On that basis approximately half of the golfers could be classified as professionals.

The most recent service charge survey completed by the Country Bank Operations Commission in 1957 among those banks under \$7,500,000 in total assets covered plans and rates used in 5,287 of these banks.

While the results of this survey

indicated continuing progress, there is still much need for improvement. The inadequacies evidenced can be used to substantiate the premise regarding the undesirability of using national averages as "par for the course."

Large-Scale Undercharging Exposed By Survey

Some of the "highspots" of the survey indicate the following:

323 banks have no service charge plans.

505 banks use flat service charge plans, most of which limit their charges to 50 cents per month if balances drop below \$100 and give no consideration to activity.

230 banks make no charge for maintenance nor allowance for earnings credit, and most of which make only one charge, that being 3 cents for each "on us" check paid.

616 banks use measured plans whereby most make no charge for maintenance, deposits, or transit items and allow five free "on us" checks for each \$100 of balance maintained.

2,409 banks use either simplified or complete analysis plans. While these basic plans are recognized as providing for the fairest treatment for both banks and their customers, the rates most widely used were considerably below average costs for banks in general.

The following are the rates charged by the largest number of banks using analysis plans:

Maintenance	50¢
"On us" checks paid	3¢
Remittance items	3¢
Local clearing items	2¢
Deposit tickets	5¢

(CONTINUED ON PAGE 125)

The Critical 1960 Budget

*A Statement by the
Economic Policy Commission
of the American Bankers Association*

THE American people are today confronted with some hard decisions that need to be made with respect to the Federal budget. Unless sensible decisions are arrived at soon, the budget threatens to get out of control. This would have serious consequences for all of us.

The basic problem is not the existence of a large Federal deficit for the current fiscal year. Rather it is the budgetary prospect for the fiscal year beginning next July. It is the ominous possibility that the Government may continue to operate in the red during fiscal 1960 even if production and employment are high.

The current deficit is appallingly large, to be sure, but it can be blamed, at least in part, on the recession and other special factors. Also, there is not much that can now be done about the current budget, whereas there is a great deal that can and should be done about the budget for fiscal 1960.

There would be no excuse for planning to continue deficit spending during that period, assuming a good level of economic activity. At such a time, indeed, sound fiscal policy would call for achieving a substantial budgetary surplus and reduction of the public debt. The least we should do is to attain a balanced budget. Failure to do so would reflect fiscal irresponsibility.

This is not just another budgetary crisis, nor is it a matter of making a fetish of a balanced budget. Our fiscal situation has now become a serious inflationary threat to our economy. Prompt action is needed to strengthen confidence in the future value of the dollar.

Moreover, continued deficit spending by the United States would set a poor example indeed for other nations whose economic stability is of important concern to us. It would militate against our efforts to promote the economic strength of the Free World.

For these reasons, we cannot afford simply to drift along hoping that

some day, perhaps in 1961 or 1962, Federal revenues will catch up with expenditures. No one thing would do more toward preventing inflation, restoring confidence in the dollar, and setting a good example for other nations, than for the United States to demonstrate right now its firm determination to keep our national finances under control. The problem of the Federal budget is therefore a matter of immediate and vital importance to all Americans.

From budget experiences of recent years, it seems clear that the predicament in which we now find ourselves stems largely from the strong tendency for Federal expenditures to rise, not just in one or two parts of the budget but in all types of public spending.

Over the past four years, total budgetary expenditures have risen from \$65-billion to \$79-billion, or 23%, with increases in every major category (see table below).

Special factors could be cited to account for some of the increased spending in particular categories, such as the rise in interest rates, the high cost of new types of weapons, the bumper crops in 1958. Nevertheless, the conclusion seems inescapable that we have been unsuccessful in combating the strong

tendency for all types of governmental expenditures to rise from one year to the next. We have acquired the habit, not only of permitting existing expenditure programs to grow each year, but of regularly inaugurating new spending programs as well. It is significant that nondefense spending rose over three times as fast as outlays for defense and foreign aid.

Comparison of expenditures for the current fiscal year with last year shows that these trends are still strong. It has recently been estimated that expenditures will be up more than \$7-billion over fiscal 1958, and it is this increased spending that will be mainly responsible for the estimated \$12-billion deficit. Again, outlays are running higher this year than last year in every major category of expenditure except interest on the public debt. Also, almost three-quarters of this year's rise will be in nondefense.

It is this strong upward trend of Federal spending of all types that is the heart of our budget problem.

For the current fiscal year, budget expenditures have recently been estimated at \$79-billion. As for next year, we are already on notice that defense spending will in all probability have to be increased. On the

Total Budgetary Expenditures
(000,000,000 omitted)

	1955	1959 Est.	Percent Increase
National Security and Foreign Aid	\$42.8	\$48.3	13
Nondefense Expenditures, Total	21.8	30.7	41
Veterans Benefits	4.5	5.2	16
Agriculture and Natural Resources	5.6	8.1	44
Labor, Welfare, Commerce, and Housing	4.1	8.2	103
Interest	6.4	7.6	18
General Government	1.2	1.7	39

basis of existing programs, nondefense spending in certain categories will also tend to rise, and some legislators are already planning to propose new spending programs.

Budget receipts for the current fiscal year have recently been estimated at \$67-billion. Next year, assuming active business, tax revenues will rise but they may not rise enough. Budget receipts have never exceeded \$71-billion, reached in 1957. The gap of \$12-billion between this year's estimated receipts and expenditures is wider than any 1-year increase in revenues since fiscal 1952 when receipts reflected increases in tax rates.

Unless prospective expenditures can be appreciably reduced, therefore, there is no assurance that budget receipts under current tax rates will produce a balanced budget.

There is no easy solution to our budget problem. The tax burden is already heavy and we know from past experience how hard it is to curb governmental expenditures.

Also, a large portion of the budget consists of outlays for defense and

foreign aid that are vital to the security of this country and of the entire Free World. It is clear that, as a nation, we can and must spend whatever we need to spend to safeguard our own freedom. Military expenditures should certainly be subjected to critical analysis, but we must proceed with great care in trying to achieve economies here.

There doubtless remains some scope for improving the efficiency of various governmental operations. It is highly unlikely, however, that a major improvement in the budget can come from this source alone.

This means that if we are to hold down governmental expenditures, we shall be forced to make fundamental revisions in some of our large domestic spending programs, despite the opposition sure to be raised.

It also means that new spending programs must be postponed wherever postponement is possible. This, too, will be hard to do because we are so in the habit of assuming that we can afford more and more governmental services every year.

If, however, the Administration

and the Congress are unable or unwilling to hold expenditures down to the level of realistically estimated revenues for fiscal 1960, then revenues should be increased to cover expenditures—in other words, taxes should be raised. This, of course, would be painful, but far less painful than the consequences of continued deficit spending.

If higher taxes must be resorted to, it will not be an easy matter to decide where to go for additional revenues. With taxes at such high levels, increases in some areas would be relatively unproductive and might do more harm than good. In general, it seems plain that any tax increase should be broadly based.

This problem of the Federal budget is not going to solve itself. If we close our eyes to it, it will become steadily worse until we make the decisions that need to be made.

The months ahead will reveal whether or not we as a nation are capable of performing the arduous task of putting our financial house in order. This will be an exacting test for American democracy.

Too Many Cooks



ROBINSON IN THE INDIANAPOLIS NEWS

The Goal of Monetary Policy Should Be Price Stability

JESSE W. TAPP



Sen. Prescott Bush (R., Conn.), left, and Mr. Tapp. Sen. Bush addressed the Assembly

A Conclusion Reached by a Cross-Section of American Leadership

A participant in the recent American Assembly, MR. TAPP is chairman of the board of Bank of America N.T. & S.A., San Francisco, and chairman of the Economic Policy Commission of the American Bankers Association. He is also a member of the Committee for Economic Development's Commission on Money and Credit.

THAT "reasonable stability of the price level must be a primary goal of monetary policy" was the outstanding conclusion of the 14th American Assembly, held a few weeks ago to discuss, "United States Monetary Policy."

The conclusion emerged from three days of discussions by leaders in government, business, banking, labor, agriculture, the professions, and the academic world. Monetary policy was dissected from many angles—objectives, responsibilities, structure, political environment, and performance.

In these times when so much public attention is being focused upon the fear of inflation, it is reassuring that the leadership of the cross-section of America repre-

sented in the Assembly is so deeply conscious of the importance of price stability to the long-run economic health of our nation.

This is a ringing challenge to those cynics who have been telling the public that long-run inflation is inevitable and that one's business and personal financial affairs should be conducted in that light.

The founder of the American Assembly, President Eisenhower, has stated: "The American Assembly presupposes that the practice of Democracy demands individual sacrifices, particularly in reconciling divergent views in order to accomplish a common purpose."

It is thus encouraging that interest groups with divergent viewpoints were able to reach agreement on some of the basic things that have to be done to wage the effective attack on inflation that a small but vocal segment of short-sighted people believe cannot be accomplished politically.

In interpreting the broad economic objectives of our nation, the Assembly concluded that:

the United States seeks simultaneously three major economic objec-

tives within an environment of maximum political and economic freedom for the individual: vigorous growth in the real output of the economy; avoidance of wide cyclical fluctuations in employment; reasonable stability in the average level of prices. Achievement of these goals will result in that "maximum employment, production, and purchasing power" called for by the Employment Act of 1946. It will enable the United States to maintain its national security and to fulfill the responsibilities of its position in the world. It will strengthen the economic basis of the human values which are the ultimate aims of our society—freedom, health, education, and opportunity for every person.

... In the long run, a stable dollar fosters economic progress by encouraging saving and efficient investment. All things considered, reasonable stability of the price level must be a primary economic goal. We are impressed with the necessity that business and union leaders attain greater understanding of their basic interest in a stable level of prices.

The banking fraternity must do its part in the community of business leadership toward creating this

About the Assembly

THE American Assembly was established in 1950 at Columbia University. It is incorporated as an educational institution by the State of New York.

The Academy seeks to supply background, define issues, stimulate discussion, and evoke conclusions in matters of public interest. It holds nonpartisan assemblies of American leaders and publishes authoritative books on topics of national concern.

The trustees select a timely and important subject and then authorities are retained to write objective background papers presenting essential data and defining the main issues of the topic. This material is made available to participants before sessions of the Assembly, in which about 60 men and women, widely representative of American leadership, meet for several days to discuss the topic.

The preparatory papers for each Assembly meeting and findings of the conferees are published in book form for distribution on request to libraries, colleges, adult education groups, and organizations of management, labor, and the community.

Regional assemblies are held, usually under the joint auspices of The American Assembly and a university. The Assembly staff also cooperates with municipal organizations, clubs, and study groups in holding "local assemblies" and informal discussion meetings.

Information on regional assemblies and papers of the session, "United States Monetary Policy," at \$2 per copy, are available from The American Assembly, Columbia University, New York 27, N. Y.

(3) There is need for better coordination of policies of the Federal Reserve System and the Federal lending agencies, which operate under separate and sometimes contradictory Congressional directives.

(4) Since the Federal Reserve gained freedom in March 1951 to pursue a flexible course, its monetary policies have generally been satisfactory.

(5) It is doubted that the monetary system of the United States requires radical revision, yet some alterations in the structure and functioning of the system appeared desirable—as, for example, member bank reserve requirements.

The concept of the American Assembly is a valuable tool in the democratic process, and it is to be hoped that such work will continue. In the past three years the Assembly has cooperated with local institutions to hold 26 regional, state, or municipal assemblies all over the country bringing together 1,200 opinion leaders from different segments of American life.

Since the subject, "United States Monetary Policy," is of direct concern to bankers, I believe that the ground cultivated by the recent Assembly is fertile territory in which bankers can demonstrate leadership toward helping to develop a clearer public understanding of the role of monetary policy—and particularly price stability—in the preservation of our nation's economic strength.

The papers of the Assembly—just published—are worth reading by the banker seeking different viewpoints on the topic. Also, it is hoped that local banker interest will be stimulated toward participation in the regional assembly idea.

greater understanding of the need for a stable price level. Along similar lines, the Resolutions Committee of the American Bankers Association at the last convention pledged bankers to the pursuit of policies and practices consistent with "a vigorous and growing economy, free from threats of serious inflation or deflation which sap economic vitality and hinder progress, and in which price stability is recognized as essential to maximum employment and prosperity."

This resolution was implemented by the A.B.A. Economic Policy Commission in a recommendation that the Employment Act of 1946 be amended to include a straight-forward declaration that avoidance of inflation is one of the primary objectives of public economic policy. It is significant, moreover, that during the American Assembly session Dr. Arthur F. Burns, former chairman of the President's Council of Economic Advisors, and Senator Prescott Bush, of Connecticut, called for such an amendment to the Employment Act. Dr. Burns' speech, "Monetary Policy and the Threat of

Inflation," received widespread attention by the press and others.

Some of the other points of interest to bankers on which the Assembly reached agreement without significant dissent were:

(1) Monetary policy can and should play an important role in attaining our economic goals, but it must be combined with fiscal policy, debt management, agricultural, trade, wage, and other appropriate economic action.

(2) A discretionary approach to monetary management by the Federal Reserve—as distinguished from statutory mechanical manipulation of the money supply—is regarded as essential.

One of the three panels into which the Assembly was divided in order to exchange ideas and develop conclusions, which were later blended into a consensus through a plenary session



BETTER METHODS & SYSTEMS

On the Road to Automation

We promised a survey of the Pennsylvania Bankers Association's Fall Meeting, and here it is. The Philadelphia conference attracted approximately 700 bankers who heard and participated in discussions of automation, operating questions, credit files, instalment loans, loans and investments, audit and control, and other practical matters. This report is a sampling of the many ideas offered during the three days.

What's Coming

BE systematic before you're automatic, be methodic before you're electronic, and remember that "perspiration precedes automation if automation is not to become an abomination," advises J. Lewis Nungesser, assistant vice-president, The Philadelphia National Bank.

Mr. Nungesser suggests that the current state of automation can be called the "Tronic Age." By 1960-61 it will have become the "Auto-Tronic Age" with the addition of further components to the basic Post-Tronic and Sensitronic bookkeeping machines. The "Tronic" equipment is primarily used in check deposit accounting.

The next period may be called the "Micromatic Age," utilizing machines activated by magnetic ink characters. Here, too, the primary application will be in demand deposit accounting.

The "Electronic Age," using computers, is developing concurrently with the others. However, computers are being applied to a larger range of functions: instalment and mortgage loans, general ledger, cost accounting, personal and corporate trust, as well as deposit accounting. Indications are that the electronic computers will be used only by the

largest banks for some time to come.

On the other hand, most banks, regardless of size, can attain a degree of automation by applying the integrated data processing principle emphasizing systems; the machines are incidental.

10 Problem Areas

IN setting up a computer operation a bank should consider 10 areas of problems, suggests J. William Hulton, assistant vice-president, The First Pennsylvania Banking & Trust Company, Philadelphia. They are:

Installation of numbering systems; development of forms, records, and reports; checkbook require-

ments and imprinting; public relations program to advise customers; indoctrination of supervisors, officers, and personnel; selection, assignment, and training of technical personnel and of administrative and clerical personnel; personnel selection and relocation; preparation of the computer site and installation of the equipment; audit procedures.

Imprinting Checks

THE cost of the check imprinting program will vary with the policies adopted by each bank; however, if little thought is given to a program the costs could greatly reduce the savings anticipated, asserts



At the Pennsylvania Bankers Association's Fall Meeting in Philadelphia, l. to r., PBA Operations Committee Chairman William B. Carr, vice-president, Provident Tradesmens Bank and Trust Co., Philadelphia; Harold W. Wallgren, vice-president and cashier, The Philadelphia National Bank, meeting chairman; G. Edward Cooper, senior vice-president, Philadelphia National; PBA Treasurer James E. Brucklacher, president, Cumberland County National Bank & Trust Co., New Cumberland; PBA President J. Regis Walthour, president, First National Bank in Greensburg

Harold W. Kalb, assistant vice-president, Girard Trust Corn Exchange Bank, Philadelphia.

Lower costs can result if consideration is given to establishing standards on such matters as check sizes, styles, colors, and designs; increased

service charges if warranted; and the collection of cost in full in all personalized and custom-designed checks.

Success of the magnetic ink character program also depends on customer acceptance. Discretion,

good judgment, and common sense must be used. If a good customer relations program is established and if customers understand what banks are trying to do, the problems and costs of the imprinting program will be greatly reduced.

Electronic Accounting for Small Banks

Study Your Present Systems

THE most vital step in semi or full automation is to have a complete understanding of the intricacies of your present systems and their objectives, in the opinion of Herbert W. Schall, Jr., assistant vice-president, Union Bank & Trust Company, Bethlehem, Pa.

After a careful study you'll realize that your systems have gradually deteriorated to a point where you may consider yourself fortunate if the bank is operating at 50% efficiency! This study should be completed at least a year before you give serious thought to an electronic installation.

"Do not let any company sell you equipment and then attempt to change your systems to conform; rather, decide what systems you would like and are best for the bank. Then find the equipment that will do the job or can be modified to fit your chosen system.

"Don't let the words 'electronic accounting' scare you; there are many types of equipment available for immediate delivery that may be justified economically, that will post your time and demand ledgers, mortgages, instalment loans, and type your form letters without the aid of a single employee at the machine."

Service from the Correspondent

IF banks that can't justify purchase or rental of electronic equipment were to have their correspondents handle their accounting on their equipment, they'd get all the advantages of complete automation without the large investment necessary, suggests Herbert R. Decker, vice-president, Passaic office, New Jersey Bank & Trust Company, Paterson.

He outlined six operations that could be handled by the correspondent: demand deposits, transit, time deposits, purpose accounts, monthly loan (consumer credit) payments, and mortgage payments.

DEMAND DEPOSITS and TRANSIT. If the bank that can use partial automation had a sorter reader it could process its own items and prepare a tape to be sent to the correspondent bank for final processing.

Although the sorter is expensive, it requires only one or two operatives. This plan would enable the bank to eliminate all other machinery, and personnel would be reduced. The bank could also retain the original documents. Statements would be prepared by the owner bank.

The bank unable to afford any automatic equipment would send all items, including counter work, to the correspondent for processing, post-

PDQ Loans—"PDQ"

This story about an unusual lending operation was contributed by LOUIS C. FINK, advertising manager of Trust Company of Georgia, Atlanta.

WOULD you like to make a loan "PDQ" by negotiating a PDQ Loan?

The National Bank of Fort Benning, Ga., has developed a Pay Day Quick Loan. The bank is located on Main Post at Fort Benning and naturally Army personnel make up a large percentage of its customers.

Soon after its opening in July 1957, the bank found a great demand for loans payable on the next payday. The volume kept increasing until it was decided to develop a loan that would meet the needs of the customer and cut down on the clerical work involved.

A three-part snap-out carbon was developed by E. G. Sparks, assistant vice-president and cashier. The original is the note itself, and is printed on regular note quality paper. The duplicate is a past due notice, printed on very thin paper, and the triplicate is a note register copy printed on paper comparable to regular ledger sheet.

The note is, of course, filed in the note file, the past due notice is used as a tickler file, and the register copy is filed just as if it were the ledger sheet.

By having all these forms prepared at one time, the work at the note window is reduced considerably. Another time-saving feature is that all PDQ



E. G. Sparks, assistant vice-president and cashier of the National Bank of Fort Benning, with 1st Lt. William Hammell

Loans are time single payment notes and no posting is necessary since at maturity the register copy is marked "Paid."

These notes are limited in amount and the maturity date is normally the following payday; however, in some cases they may have a maturity date as long as 60 days. A simplified credit application is accepted and most loans are made to commissioned personnel and top-grade enlisted men.

The idea has been accepted with enthusiasm by the customers of the National Bank of Fort Benning, since they know that, if they qualify, they can get a PDQ Loan "PDQ."

ing, and dispatching. Original documents would be returned the next day to the owner bank.

TIME DEPOSITS. One method would be to prepare a tape as a byproduct of the window operation and send it to the correspondent bank. Another method: send the deposit and withdrawal slips to the correspondent for processing. The first, if possible, would seem more desirable.

CLUBS. If a coupon book is used the coupons would be magnetically coded and sent to the correspondent bank for accounting. In a no-coupon system, the window machine would prepare the tape for delivery to correspondent.

CONSUMER CREDIT and MORTGAGE PAYMENTS. All coupons would be magnetically coded and delivered to the correspondent bank for posting. Remember that the electronic equipment is capable of giving any type of report desired. These machines operate at such high speed that processing time is minor after the input phase is accomplished. Because of this speed, the cost of these services should be more than offset by the individual bank being able to reduce internal expense; but even more important, the accounting will be as close to perfection as is possible.

Mr. Decker believes the principal objection to this plan is that the records would be kept off the premises. "This perhaps is where our thinking will change as it has in the past."

Account Numbering

HERE are several points that should be considered in preparing an account numbering system, probably the most important preparatory step for automation of check processing. They were suggested by Homer B. Moyer, comptroller, Miners National Bank of Wilkes-Barre, at the PBA meeting.

(1) Will the system work with a sorter or computer as well as with a manual or semi-automatic system? Even though you don't intend to buy one of these machines, how can you be sure you may not some day want to participate in an arrangement that will have your bookkeeping done for you?

(2) Will the system provide for adequate expansion in numbers of accounts and offices?

(3) If you are now establishing ledger controls as a byproduct of the proof operation, will your numbering system let you continue this?

(4) If you are a branch system, is your numbering method designed to provide branch figures readily?

(5) Do you want to be able to prepare prenumbered "starter packages" for new accounts? If so, will your numbering system permit it?

(6) If a high proportion of your activity is produced by a small num-

ber of accounts you will want to assign a special group of numbers to them to facilitate preparation of lists as a byproduct of the proof operation.

(7) Do you wish to segregate from your regular accounts other groups such as public funds, special, or pay-as-you-go accounts?

In general, your numbering system should be designed to fit your bank's special needs for the foreseeable future.

Backbone of Loan Portfolio

IT's the credit file, says Gilbert R. Rendle, vice-president, The Peoples National Bank, Norristown, Pa. Every bank should keep a complete, up to date one as a written record about the borrowers. Speaking especially to the small bank, he said the file must be adequate, easy to operate, inexpensive to maintain.

It should provide for balance sheet and operating figures—on comparative bases. Include a spread sheet. As new financial statements are received, their information is transferred to the sheet. Ratios are com-

pared and comparisons made with previous reports.

The small bank should have some yardstick by which to appraise the managerial ability of borrowers. Whether it's a formal appraisal or a memorandum, the proper place for this measurement is the credit file.

The file should also contain credit memoranda, which review a borrower's history. Copies or extracts of loan committee minutes and of board meetings at which loans are discussed should be included, too.

(CONTINUED ON PAGE 111)



At the 12th annual Conference of Bank Correspondents sponsored by The First National Bank in St. Louis, l. to r., William A. McDonnell, chairman of the board, second from left, greets Russell L. Dearmont, president of the Missouri Pacific Railroad, who spoke at the luncheon. Left, James P. Hickok, First National's president; right, Dr. Oliver S. Willham, president, Oklahoma State University, a program speaker. More than 700 bankers attended the conference which featured workshops on instalment lending, Government bond portfolio management, correspondent banking, and operations

The Big Problem of Equity Capital for Small Business

Will the SBI Act Solve This Problem?

WILLIAM P. BOGIE

HOW small—or how large—is a small business? This often-asked question is still confronting bankers who would participate in small business investment companies under the Small Business Investment Act of 1958.

There is a widely held opinion that only a very limited segment of small businesses would be helped under that act and the related regulations issued on December 3.

There has been considerable thinking and talking in terms of loans in the \$250,000 to \$500,000 bracket, but what of the many small business borrowers needing \$50,000 or less?

The consensus of one group of bankers and Government officials who recently discussed this side of the problem was that little provision has been made for the very large number of such borrowers.

The group that came to this conclusion—and other conclusions not indicating hopefulness of accomplishment under the SBI regulations—attended a briefing session on the SBI Act under the sponsorship of the American Management Association in New York at the beginning of December. On the AMA program were, among others: John Sparkman, chairman, Senate Select Committee on Small Business, and a member of the Committee on Banking and Currency and the Joint Economic Committee; Edward N. Gadsby, chairman, Securities and Exchange Commission; Wendell B. Barnes, administrator, Small Business Administration; Arthur E. Long, New York regional director, Small Business Administration; James N. Kinsel, Technical Planning Division, U. S. Internal Revenue Service; C. Wrede Petersmeyer, partner, J. H. Whitney & Company, New York; and Walter B. Stults, staff director,

U. S. Senate Select Committee on Small Business.

It became more and more apparent, as the AMA briefing progressed, that this whole problem of small business loans is as controversial now as when the 1958 legislation was passed. A substantial number of members of Congress have indicated disappointment in the regulations promulgated by Administrator Barnes, the most vocal of such Congressmen being Rep. Wright Patman, (D., Tex.). (See **BANKING** for December, page 40.)

However, in the opinion of Mr. Barnes, it was better to draw up the regulations now and obtain the needed experience for possible amendment later.

It has also been pointed out by members of the legal profession that banks contemplating SBI participation must carefully study their state

laws. In some states—New York has been mentioned as one—such participation will be impossible until enabling legislation is passed.

One difficulty in bank lending to small borrowers is not overcome by SBI regulations. That is the commercial bank's inability to lend for a long term to a proprietorship. The element of continuity of the business is totally absent in such cases—an element demanded by banks for the safeguarding of depositors' funds. The lending officers of a small business investment company would be faced with the same obstacle.

There is also the reluctance of the small businessman, who has worked for years, perhaps, to build up a successful business, to share his equity with an outsider. He wants no new capital on that basis.

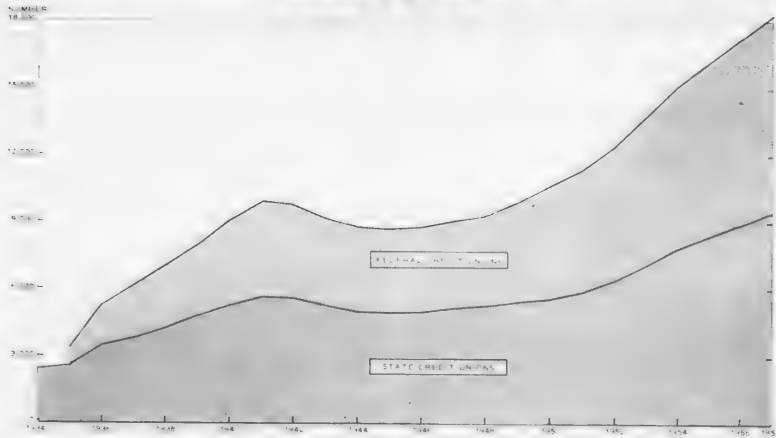
On the favorable side in the AMA
(CONTINUED ON PAGE 96)

Administrator Barnes speaking before the AMA briefing session

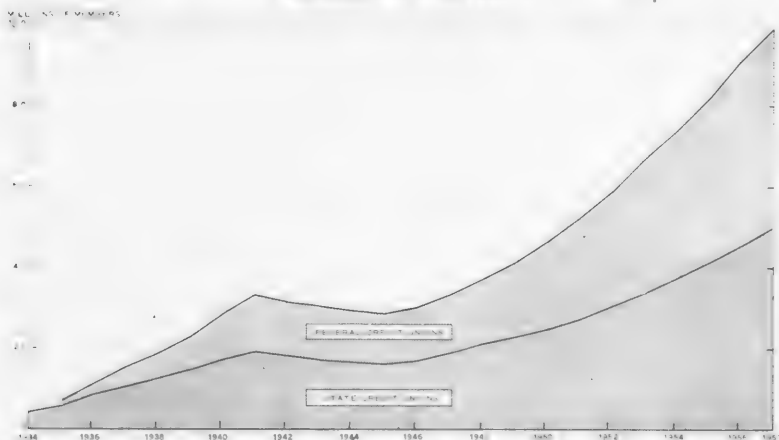


Credit Unions' Spectacular Growth

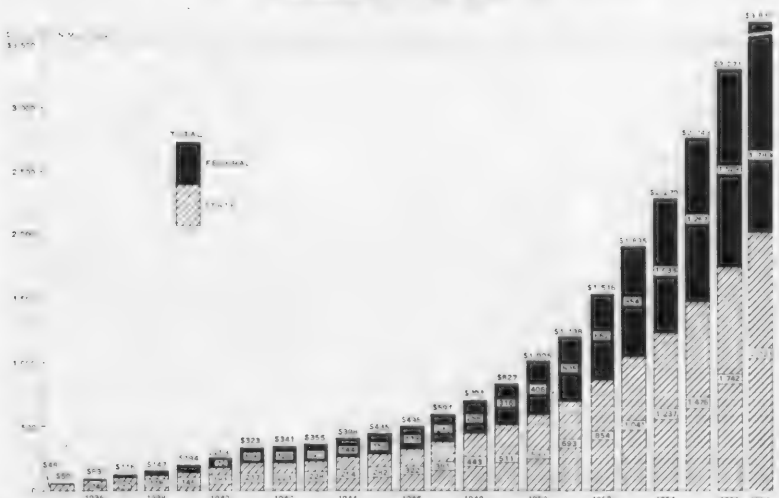
TOTAL NUMBER OF FEDERAL AND STATE CREDIT UNIONS
December 31, 1934-1957



TOTAL MEMBERSHIP OF FEDERAL AND STATE CREDIT UNIONS
December 31, 1934-1957



TOTAL ASSETS OF FEDERAL AND STATE CREDIT UNIONS
December 31, 1935-1957



A Research Council Report

THE fact that credit unions are growing at a faster rate than any other financial institution has aroused the interest of many bankers. In line with its policy of bringing significant developments in the financial structure to the attention of the membership, the Research Council of the American Bankers Association, therefore, has just published a booklet, *Credit Unions*. The purpose is to acquaint bankers with facts about the operations and growth of these institutions.

The booklet consists of charts with brief explanatory comments, as well as general background information. Of a total of 75 pages, there are 50 pages of charts and tables covering the number and membership of credit unions, their assets and liabilities, savings operations, lending operations, income and expenses, liquidations, and borrowings.

A few of the charts are reproduced on these pages. They illustrate some of the growth trends.

The facts of credit union development obviously are of particular interest to banks engaged in the savings and instalment lending fields. Organized as self-help co-operative societies under Federal or state laws, with no capital requirements and only nominal chartering restrictions, credit unions pool the savings of their members to lend to members in need of credit. In recent years they have made significant advances in these fields, although they still account for only a small proportion of the liquid saving and instalment lending.

A few facts can be cited as illustrative of the picture at the close of 1957, as set forth in the Research Council's booklet:

There are 18,200 credit unions—double the number a decade ago.

They have almost 10,000,000 members—triple the number a decade ago.

There are as few as 20 credit unions in Delaware and as many as 1,600 in Illinois.

The average credit union has 550 members, but some credit unions with over \$5,000,000 in assets average 13,300 members.

There are as many as 1,000,000 credit union members in California, and as few as 10,000 in Delaware.

Most credit unions (87% in case of Federals) serve employee or labor union groups.

Total assets of close to \$4-billion—almost six and a half times a decade ago—are derived mostly from share savings of members.

Three-fifths of Federal credit unions now pay dividend rates of 4% or more, as against one-fifth in 1947.

Credit union loans now total \$2.8-billion—10 times the 1947 level.

In 1956 the breakdown of Federal credit union loans was as follows: furniture, appliances, and other consumer goods, 19%; debt consolidation, 17%; automobiles, 13%; medical expenses, 10%; homes and home improvements, 8%; and all others, 33%.

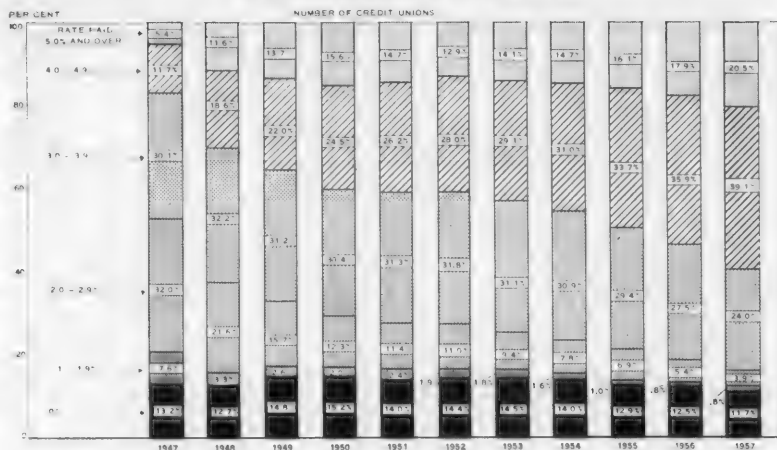
Some states authorize real estate loans. In Rhode Island they constitute almost three-fifths of total credit union loans.

Net income per \$100 of assets averages as low as \$1.74 for state credit unions in Arizona, and as high as \$7.53 for state credit unions in Ohio.

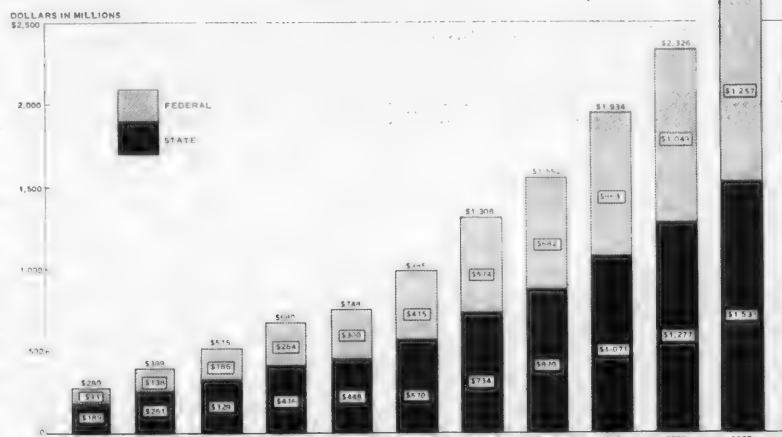
Federal credit union gross income goes 40% for expenses, 41% for dividends, 3% for refunds of interest, and 16% for reserves and undivided profits.

One copy of the booklet will be made available without charge to each A.B.A. member bank, if requested before April 1, 1959. Additional copies after that date can be purchased at \$1. Requests should be forwarded to Department of Printing, American Bankers Association, 12 East 36th Street, New York 16, N. Y.

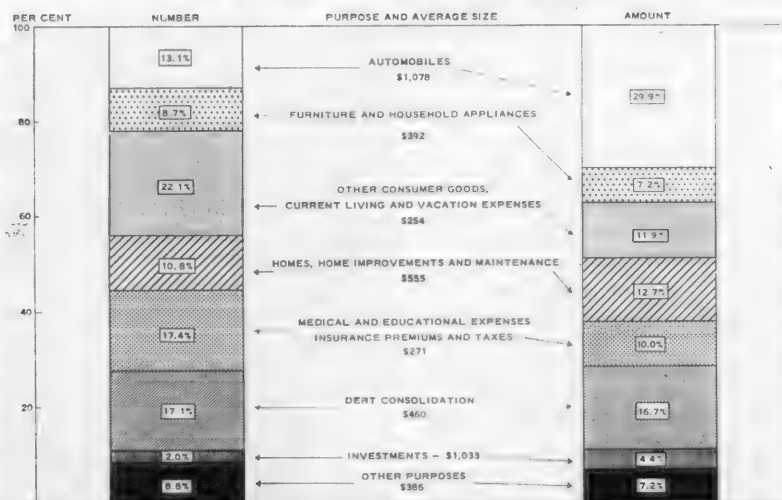
PERCENTAGE DISTRIBUTION OF FEDERAL CREDIT UNIONS BY DIVIDEND RATES PAID, 1947-1957



TOTAL LOANS OF FEDERAL AND STATE CREDIT UNIONS December 31, 1947-1957



AVERAGE SIZE AND PERCENTAGE DISTRIBUTION OF NUMBER AND AMOUNT OF FEDERAL CREDIT UNION LOANS MADE DURING 1956, BY PURPOSE OF LOAN



*Flannelboards and Field Trips Contribute
to Success of Educating Young Public*

A Program for Future Customers —in the Fifth Grade

WILLIAM C. MAGELSEN

Are the children really interested? At a recent group of Girl Scout Brownie leaders, the training chairman suggested field trips to the police station, TV station, the fire department, an ice-cream plant, and a pop factory. The leaders chorused back, "But they want to visit a bank. Isn't it strange?"

The author is assistant cashier of the Security Trust & Savings Bank, Billings, Mont.

How old should a child be before he begins to learn about banks? The Security Trust & Savings Bank of Billings, Mont., believes the right age is about 12, and it has effectively instituted a "Know Your Commercial Bank" program for children of that age. This educational program, designed for and taken to the classroom of the fifth grader, is followed by a field trip to the bank by the students. During the year 1958 over 2,000 Billings students participated, and the results and interest were most gratifying.

First, a letter is written to all school principals, offering to send an officer of the Security Bank to the school, at the school's convenience, to give a flannelboard talk to the fifth grade students. This talk lasts 35 minutes and is usually followed by a 15-minute question-answer period. (Be prepared to answer such questions as: "Who started the first bank in the world?" "Would your bank loan my father \$40 to buy me a new bicycle?" "How old do you have to be to open a checking or a savings account?" "What do you do if everyone wants his money back

at once?" "How much are you paid?")

The flannelboard talk consists of a slight modification of "Your Community Bank," an educational program developed under the sponsorship of the Massachusetts Bankers Association.

Our talk consists of six panels or topic discussions. The first explains the difference between national and state banks and the methods of charter. The second shows the various departments and services of a commercial bank. Panel No. 3

presents the need of the checking account, explanation of activity charges, and correct method of completing a checkbook stub and check. Topic No. 4 reviews the various types of loans available from commercial banks, and generalizes credit risks. Panel No. 5 simplifies the bank's financial statement and earning assets, so that they can be readily understood without a financial background. This panel also graphically explains distribution of a bank's earnings and regulations under which a bank operates. The student's attention is directed to the interesting point that approximately 90% of the total footings represents customer deposits. The conclusion arrived at is that "You are the bank," i.e., the depositor, in reality, constitutes the bank, and the customers' problems are, of necessity, the problems of the commercial bank. This thesis leads to the con-

Fascinated fifth graders watch head teller displaying currency



cluding panel, which gives primary importance to the proposition that your banker is always ready to assist you and should be consulted.

The flannelboard presentation is also adaptable for use in adult education and has been used in the programming of service clubs' "after dinner" talks. The panel on checks was eliminated in these talks, and emphasis was placed on the commercial bank's role in the economic growth of the community and nation.

The panel board, 4' x 8', is easily disassembled into four pieces, which fit into a suitcase-type of carrying case that is readily transportable.

An appointment for the class to visit the bank is usually made at the same time the flannelboard talk is scheduled. This field trip is usually jointly planned by the teacher and students. Transportation from the school to the bank and return is also planned by the teacher and students. The bank does not offer transportation, but when it is asked to do so it furnishes two or three bank cars with drivers. Usually the students arrive in school buses or in private cars furnished by parents.

The children are met by their host at the door (the arrival of 25 to 30 excited children is no secret). The children are taken to the assembly room and, after being welcomed, are invited to leave their coats and books on their chairs, since they will return again to this same room. On the tour, which lasts 35 minutes, the children visit the mailing machine, automatic letter opener, the IBM proof-transit machines, the Recordak, the print shop, the record vault, the vault door complete with locking



The three R's are expanded to include the ABC's of bank loans

mechanism and time locks, safe deposit boxes, bookkeeping machines, check canceling machine, stock exchange teletype, lobby, head teller.

The head teller makes a point of having available interesting currency and machines to show the children. A \$500 bill will set eyes popping, and a \$1,000 bill will bring audible "oh's" and "ah's." Foreign currency, coin counting and wrapping machines, new money from the Fed, and counterfeit money will hold the youngsters spellbound. The children visit the lobby, inspect the tellers' windows, where special emphasis is placed on the savings department. The chairman of the board of directors and the president of the bank are introduced or, if occupied, pointed out to the children.

Can you think of anything more

thrilling to a child than to see "thousands of dollars and the president of the bank"? The tour is concluded by a return to the assembly room for a Dixie cup of ice cream.

While eating the ice cream, the group is invited to ask questions concerning the tour. It is during this session that the banker is manyfold repaid for his time, trouble, and planning. He will receive such questions as: "I would like to be a banker. How much schooling should I have?" "Do you go to business school to learn how to operate machines, or does the bank teach you?" "Do you have insurance on your deposits?" "Who owns this bank?"

A combination program of "flannelboard" talks in the school and visits to the bank has been given to various educational levels of students—fourth grade to college sophomores. Experience has shown that the youngster in the fifth grade, with an alert mind and imagination, is the most receptive and responsive. Junior-high age students, although gaining new experiences, often appear indifferent and unresponsive. High school seniors, realizing that they are on the threshold of more complete utilization of banking services, provide excellent audiences. The most rewarding group was represented by 18 children of various ages from a state-operated cerebral palsy center. Members of the bank's staff vied for the privilege of pushing the wheel chairs of these brave youngsters who were so pleased to peer inside the business world that so many of them would never enter.

Time locking mechanism inspires questions about size and weight



'Varsity Banking

JOHN L. COOLEY

Columbia University's Alma Mater statue by Daniel Chester French is a New York landmark. She symbolizes wisdom



EVERYBODY talks about banking education these days, and a lot of people are doing something about it. This article concerns a particular "something"—the establishment of chairs in banking at American universities *by institutions and individuals engaged in the business*. Here's a highly constructive project in which, judging from letters of inquiry received by the new A.B.A. Council on Banking Education, there's widening interest.

We report on four chairs; if you know of others please write us and we'll pass the information along. Meanwhile, resumé of what's being done on these campuses may stimulate some thinking.

Two of the professorships—one at the University of North Carolina, Chapel Hill, the other at Columbia University, New York City—are made possible by banks: the Wachovia Bank and Trust Company, Winston-Salem, and Bankers Trust Company of New York, respectively. One has been set up by the Mississippi Bankers Association at the University of Mississippi, Oxford, while another, at the University of Illinois, is provided through the generosity of the late Fred S. Bailey, a banker of Champaign, Ill. Each is in the university's department or school of business.

Obviously the purpose of the chairs is to provide higher education for men specializing in banking and finance, under the guidance of the

best educators. But a valuable by-product of making better bankers is a stimulation of student interest in bank careers—indeed an important result.

Here are brief summaries of the four university projects:

NORTH CAROLINA — The Wachovia Chair of Banking at the School of Business Administration.

IN 1951 the Wachovia established a \$100,000 endowment for this professorship, the first of its kind. The money was entrusted to the Business Foundation of the university.

No strings were attached to the gift; the chair is independent. Income is used to supplement the salary of the professor and to support research and appropriate activities in banking. In that framework there has been money for equipment for the professor's office, for the banking library, and similar projects.

One of the bank's purposes was to get better personnel into banking, not only at Wachovia but at other North Carolina banks. We're told it's working out that way—banks in the state are getting better prepared young men, and a higher quality student is becoming interested in banking. Wachovia itself has some men who have taken the course; other banks have graduates, too.

The chair's incumbent is Professor Clifton H. Kreps, Jr., who gives

graduate and undergraduate courses, including a major in banking. The case method is used, and Professor Kreps obtains his material from banks throughout the state.

The endowment was set up while Robert M. Hanes was president of Wachovia. Mr. Hanes, former president of the A.B.A., was at one time president of the university's Business Foundation.

MISSISSIPPI—Chair of Banking, School of Commerce and Business Administration.

THE university and the association reached their agreement just over a year ago, and although the full teaching program has not been put into effect, the entire curriculum is being reviewed and a 2-semester course in Bank Management has already been activated at the senior level. Also, the Chair of Banking has taken over the responsibility of instruction in the junior level course in Money and Banking, which is part of the general studies at the School of Commerce and Business Administration. Two other courses will be activated at the beginning of the next semester. The professor is Dr. Charles F. Haywood, formerly with the Bank of America and the American Bankers Association.

Leigh Watkins, Jr., secretary of MBA, says that the amount of the endowment fund originally raised among the member banks for the chair exceeded \$18,000; the agree-

Two Banks, a State Association, and a Banker Have Provided Banking Professorships at 4 Universities

ment was for a minimum of \$15,000 annually for five years. He adds:

"We are preparing now the solicitation of the second year's fund and expect to continue the support indefinitely, or limit it to the minimum 5-year period in the event the Chair does not serve the purpose intended. We have no misgivings, however, as to the failure of the Chair to serve its purpose."

That purpose is, first, to provide instruction for banking majors that will be "equal in quality to that provided by the country's leading universities"; second, to develop a research program, "primarily covering topics of importance to commercial banking in Mississippi"; and third, development of a cooperative program between the university and interested bankers "looking towards higher standards of professional training." This may involve an arrangement whereby banks will provide summer jobs for selected students, thus adding practical training to academic instruction.

Dr. Haywood's title is Professor of Economics and Banking.

COLUMBIA—The S. Sloan Colt Chair of Banking and Finance, Graduate School of Business.

THIS professorship, established last summer and held by Dr. Roger Murray, is named after the retired and widely known chief executive officer of Bankers Trust Company.

The bank is committed to provide \$25,000 a year for five years, renewable annually for the ensuing five years in the absence of cancellation by the trust company. Columbia is thus assured of a 4-year period in which to make necessary adjustments in the mutually unanticipated event of cancellation, says Dean Courtney C. Brown, of the Graduate School.

"The expenses of the chair," he tells us, "will be budgeted by the university each year, and any part of the \$25,000 unspent during a fiscal year will be assigned to endowment to earn income at the average rate realized by the university on its investments. Such earned income will then be recredited to endowment. Should the bank in any

year wish to make a payment in excess of \$25,000, the excess will be credited to endowment. When and if the income on the accumulated endowment reaches \$25,000, the commitment of the bank for annual payments will be construed as ended.

"By adapting the financial arrangements to the requirements of both the bank and the university, it has been possible to achieve important commemorative and academic purposes.

"The methods used or modifications of them may be helpful as a guide to other business and educational institutions."

ILLINOIS—Bailey Memorial Chair of Money, Banking, and Finance, College of Commerce & Business Administration.

THE will of the late Fred S. Bailey, president of the Champaign (Ill.) National Bank, provided for this professorship in the Department of Finance. It was established in 1956, reports Dean Paul M. Green, and the income provided through the grant is adequate to provide "an attractive professional salary." However, the university contemplates supplementing the income, if necessary, to support appointment of an outstanding professor in money and banking.

Mr. Bailey's will said it was his intention to provide "sound, American instruction in the principles of economics and free enterprise to the youth." He did not provide that the stipend shall constitute "the sole remuneration of the occupant or occupants of the Bailey Memorial Chair of Money, Banking, and Finance unless the board of trustees of the University of Illinois shall deem such advisable."

At present the Chair is untenanted, but it is expected that the university's Selection Committee will recommend an appointment at a reasonably early date.

Good Business Sense

DEAN Courtney C. Brown of the Graduate School of Business at Columbia, commenting on the progress made in business support for higher education, says:

"Wise business leaders realize that national costs for higher education will grow and that business will pay its incremental share—in the form of larger taxes to the extent it fails to support private educational effort. It is simply good business sense to keep as much of the total educational activity within the scope of private support as possible."

An example of support is the Business Foundation of North Carolina, Inc., established more than a decade ago by the state's businessmen, including bankers. Its purpose is to "aid and promote, by financial assistance and otherwise, all types of education, service, and research for business and industry" through the University of North Carolina's business school. Banks have contributed to the endowment administered by the Foundation.

Researching Women's Market for Bank Services

LELIA EASSON and HERBERT BRATTER

Bankers generally are aware that much of their business is with women, but few have studied women's banking needs with a view to developing new business from this source. In the following question-and-answer interview with BANKING's correspondent, HERBERT BRATTER, some of the possibilities for developing new business among or through the influence of women by the use of market research are outlined. MRS. EASSON is an economist specializing in family economics and marketing research. She is in the Office of Distribution, U. S. Department of Commerce.

Q. *Do women constitute a market for banking services separate and distinct from the general market? In other words, can a bank's market research profitably be focused on the women in the bank's locality?*

A. The first thing is to understand in general the importance of women to the financial world and to a particular bank. It has been estimated that more women than men are shareholders of public corporate stocks, while the numbers of each sex with life insurance, savings accounts, and Government bonds are not far different. On the other hand, a substantially smaller number of women than men own corporate bonds and real estate mortgages and bonds, and the difference is particularly great in the number with investments in annuities and pensions and privately held stocks. In 1952 more than 61,000,000 women and 61,000,000 men had one or more of nine forms of investments. This means that women not less than men have financial responsibilities

and problems and that, in planning its program to serve private individuals, a bank may well think in terms of rewarding business to be had from women.

Thirty percent of wives are in the labor force and their earnings are substantial. During 1956, 41% of wives worked some time during the year and one-third of these worked full-time. In families where the husband's income alone ranged from \$3,000 to \$7,000, the proportion of wives working full-time was even larger.

It follows that wives have quite a bit to say about how the family income is spent. Wives, in fact, have a strong influence not only on family spending but also on borrowing and saving, whether or not they are employed outside the home.

In general, however, banking business done by wives is family banking business and probably should be sought as such. Husbands and wives often approach the lender together for a loan, since both signatures are frequently required on the note. A couple's decision to borrow for family purposes is usually based on the joint judgment of both husband and wife. Paying off the loan requires adjustments in the family's spending pattern, and economies in food, clothing, household operations, and elsewhere are usually left to the management of the wife. The same pattern of self-denial to pay off a business loan prevails in families of small businessmen where the wives frequently play an important part affecting both the home and the business.

Q. *How should a bank set about analyzing the role of women in its business?*

A. A bank can readily sort its accounts into three classes—men's, women's, and joint. The last two should be then added together for the purpose of evaluating women's use of bank services. Or for greater accuracy a sort could be made to determine signers of checks, notes, and the like. This would yield one piece of information. If the dollar amounts involved were aggregated and averaged, the bank would have even better information on the proportion of women's business, and it would also have a better statistical base from which to measure subsequent progress, if business development among women is aggressively undertaken. All this would help in deciding where to concentrate the next efforts. Such account analysis is the sort of "operations research" described by the late John O. Chappell, Jr., in his article "Cost is the Crux of Market Research for Banks" in the August 1957 issue of *BANKING*.

Q. *Over and above this, just how can a bank utilize research in developing new business among women?*

A. The research would go along different lines—research in women's economic status; and special projects, such as surveys, to answer questions on women's banking preferences and needs. It is best to begin by making the most of information already collected. Like other businesses, banks have a natural trading area, and ideally a bank would study facts about women in its own trading area. But in many instances, for one reason or another, the bank cannot readily obtain the

(CONTINUED ON PAGE 56)

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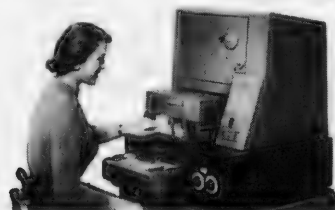
The need for accurate and complete microfilm copies of all transactions is every bit as important, if not more so, with automated bookkeeping as with the original single posting system introduced by Recordak more than 30 years ago.

For reference purposes, alone, it's essential to have picture-perfect Recordak microfilm copies on hand at all times.

And speaking of automation, you'll find it pays to automate your microfilming whether you're using new or conventional bookkeeping methods.

The Recordak Reliant Microfilmer, for example, lets you feed documents *automatically*... index them *automatically*... cancel or endorse them *automatically*. All in one operation! Best of all, this is automation which even the smallest banks can afford. (Recordak Endorser is a low-cost accessory.)

"Recordak" is a trademark



RECORDAK

(Subsidiary of Eastman Kodak Company)

**originator of modern microfilming—
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----- MAIL COUPON TODAY -----

RECORDAK CORPORATION K-1
415 Madison Avenue, New York 17, N. Y.

Gentlemen: Send folder describing Recordak Reliant with Kodamatic Indexing, and details on 30-day free trial.

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Bank _____

Position _____

Street _____

City _____ State _____

(CONTINUED FROM PAGE 52)

local facts relating to women and must assume that the local patterns are similar to patterns for larger areas for which data are available.

A good start would be to obtain from the Bureau of the Census, Washington 25, D. C., their release CPR Series P-20, No. 81, *Marital Status, Economic Status, and Family Status, March 1957* (25¢) and from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C., another Census publication, CPR Series P-50, No. 81, *Family Characteristics of Working Wives: March 1957* (10¢). For example, the former shows that there are nearly 55,000,000 women age 20 and over, compared with nearly 51,000,000 men in the same age group. Over 9,000,000 of the women are widowed or divorced and over 5,000,000 are single (and over 20 years of age). In the married group are over 40,000,000 women 20 or over and nearly another million in the 14 to 19-year-old age bracket.

Q. So what? How can these statistics be applied to a banker's problem in developing new banking business in his particular community?

A. The statistics give some idea of the ratios a bank might expect if it were tapping each of these groups proportionately, assuming that the local and national patterns are alike. Among personal bank accounts of individuals a bank might expect more than one nonmarried woman's account to each three family accounts.

There are three reasons why the actual ratio might be different from the national pattern: (a) the distribution of marital status in the community might be different from the national average, (b) the bank might not be getting the nonmarried women's business, and (c) the bank's records may not provide the necessary information for a good comparison. A bank that intends to analyze its accounts to determine who its customers are should record needed facts about new customers as they come in. Sometimes credit bureaus can supply missing facts about old customers.

Some population data are available on a local basis, but little data

indicating income or assets by sex. The Census volumes show marital status by sex for counties, metropolitan areas, urban places, and even Census tracts in 64 places. This may be helpful to a bank seeking a larger share of the business of women.

State departments of commerce and labor, colleges and universities, particularly in their schools of business, chambers of commerce, and boards of trade are often very resourceful in compiling statistics. A bank should ascertain what research such organizations have done that would be helpful.

A bank may want to know other things before starting to develop new business with women. Once a bank has adopted this objective, and analysis suggests that a particular service has possibilities of development, tried ways of getting new business can be undertaken at once. In its statement enclosures featuring services, its newspaper and radio or TV advertising, and its direct contacts the bank should emphasize its services to women. Women like to be appreciated, even as customers, whether in a dress shop or a bank.

Q. Do you recommend that banks keep the women's market in mind whenever they are preparing a selling or advertising campaign—even in their institutional advertising?

A. Yes. But sales efforts should have specialized targets. That is, there are a number of different groups of potential customers among women, and separate advertising or promotional appeals should be directed to the different groups individually.

For example, there is the widowed group. It constitutes 14% of women over 20. Although greatly outnumbered by married women over 20, widows are more numerous than divorcees and all the single women over 20 together. There are nearly 8,000,000 widows in the country. Also, it is a group in which assets are concentrated. Surveys of Old Age and Survivors Insurance beneficiaries show that older widowed beneficiaries are substantially better off in asset income than older men without wives. Of course this does not mean that widows on the average have large fortunes.

So often you read bank ads directed to men as potential trust customers—"Why you should make a will" advertising. Women with property also should make wills. But the ads seem all too often to be written by men with only men readers in mind. Why not a few ads aimed at women?

Q. Can you suggest any additional groups of women among whom banking business may be developed?

A. There are four others—self-employed business and professional women, employed professional women, young women on their first jobs, and wives, to name the main groups. It is well to think of women in groups such as these because the advertising appeals, and to some extent the type of banking business to be solicited, will differ. Self-employed business and professional women may have business as well as personal accounts to place; they may also require business financing and advice. Established professional women on salaries, on the other hand, constitute a different market. Their requirements will be for personal affairs and their savings may be relatively high. Young women on their first jobs should be of special interest to a bank that is looking to the future. Wives, of course, sometimes own a business or work for a salary, but most of them do not.

While statistics on a trading area basis to show the numbers of these groups are generally not available, it would be a comparatively simple research task to compile mailing lists of, say, self-employed and business and professional women from license records. In the case of self-employed professional women the telephone directory can be of great help. Women's service clubs might provide member lists if the purpose appealed to them. Graduation class lists are useful. Also, mailing list houses are very resourceful in providing lists. It is of utmost importance to have up-to-date lists because of high mobility.

Q. What about further market research to help decide on specific banking services to be featured in promotions to attract women's business?

(CONTINUED ON PAGE 58)

'Finger-Tip Touch' is all it takes!



First National Bank, Columbus, Ga. • Architect: E. Oren Smith, A.I.A.; Associate Architects: Jas. J.W. Biggers and Associates, Columbus, Ga.

PITTCOMATIC® . . . the nation's finest automatic door opener

AS THE depositor walks up to this HERCULITE® Plate Glass Door and touches the handle with his finger, the door swings open with a silent—pleasant—invitation to enter. No more struggling with heavy doors. No more juggling clumsy packages.

Wherever the PITTCOMATIC Automatic Door Opener has been used, bankers have noticed an increase in business. New depositors are attracted to the bank and older customers are pleased with the convenience

and modernity of this device. They also appreciate the open-vision effect created by the glass doors.

The PITTCOMATIC Door Opener operates on a simple hydraulic principle and is completely dependable. It opens doors smoothly, silently, safely at all times and is not affected by wind pressure or other weather conditions. The PITTCOMATIC Door Opener can be installed just as easily on remodeling jobs as in new construction. It is self-contained and has no visible oper-

ating mechanism. It can be installed for handle, mat, or remote control.

More information is available. Why not send for it today?

Pittsburgh Plate Glass Company
Room 9115, 632 Fort Duquesne Blvd.
Pittsburgh 22, Pennsylvania

I would like to offer my customers the convenience of the PITTCOMATIC Door Opener. Will you please send complete information to:

Name.....
Address.....
City..... State.....



Paints • Glass • Chemicals • Brushes • Plastics • Fiber Glass

PITTSBURGH PLATE GLASS COMPANY

In Canada: Canadian Pittsburgh Industries Limited

(CONTINUED FROM PAGE 56)

ness? *Any pointers there would be useful.*

A. For example, if a bank were considering installing safe deposit boxes in a new branch office, it might be worth while to make a survey of homemakers to obtain an expression of interest in such a service or some feature of it, such as large boxes or bulk storage for household valuables while the family is away from home. The replies would assist the management in its planning, and the contact would be a valuable advertising device.

In the same way interest in a drive-in teller window might be assessed. Women in a selected geographical area might be asked what hours they found most convenient for deposits and withdrawals.

This kind of research might best be done through a questionnaire, possibly on a sampling basis. Probably the services of an expert would be required.

Often it is acceptable to act on reasonable assumptions without special research. Some officer of the bank will be familiar with the history of the service and the experience of other banks. This, of course, is a type of research.

Q. *Is advice on financial problems something banks should stress in seeking women's business?*

A. I believe so. To get the answer to that question would make a very interesting research project. Facts on what women expect of their banks and what services they would find useful would provide excellent guidance in many bank decisions. In the case of the "average" bank, probably a study of this sort would best be made by surveying a geographic area of middle and high economic rank. Data should be gathered of such nature as to permit a classification of respondents by sex, by marital status, employment status, and other factors, so that the follow-up action program including advertising may be directed to specific groups. The questionnaire should be "structured"—that is, a choice of specified answers should be offered—but free answers to some questions should also be solicited. These last may raise problems in classification, but they may

also provide some excellent leads to banking services needed by women, such as advice and guidance on financial and investment problems. Women more often than not feel pretty much at sea in handling financial affairs. As each problem arises, women should try to get the relevant facts, but this is often not well done or not done at all. In the latter case they tend to act without benefit of expert advice. Sometimes they get into real trouble.

A family in financial difficulties may prefer not to let the banker know of it; some can work their way out by economies or more persons in the family working. A few get deeper and deeper in debt, particularly where there is illness or work lay-offs. It is important that women become personally acquainted with their bankers and feel enough confidence to consult them whenever desirable.

Q. *Would a women's department help to develop women's patronage?*

A. Circumstances and desires vary. In one bank a survey of women customers' preferences may indicate that a women's department would be extremely popular. In another it might show that the women definitely don't wish to be segregated. Much would depend on the type of clientele.

In seeking customer preferences



"I will not wait outside!"

on this subject by questionnaire, it would be necessary to describe rather fully what services the proposed "women's department" would render, as otherwise the respondents might have trouble in answering intelligently.

Of course there may be circumstances where a bank knows its customers' preferences, and the women's department or other service is installed subject to reappraisal. This was the case at a branch of a New York bank, where the women in the branch's predominantly residential neighborhood found it tiresome to wait in line at checking account windows while the commercial accounts did their banking. As a special service, the bank installed a "ladies banking corner," consisting of an area with some easy chairs, two writing desks, and checking teller service. As you doubtless know, there are somewhat similar accommodations in certain banks over the country, including some in Washington, D. C.

Speaking of financial advice, an education job in family finance might be done by a bank on a group basis. Nonbank financial institutions have offered family finance classes as a public service and as a means of interesting the public in their own services. These classes fit into the whole movement toward adult education today. There is no reason why a commercial bank could not usefully engage in such group education. It is easy to think of a research project for every single banking service—personal, real estate and commercial loans, checking and savings accounts, travelers checks, walk-up and drive-in teller service, collections, and so forth. Research means facts on which to base actions.

A bank serving the public serves women as well as men. Whether the women among its customers and potential customers constitute a group distinct enough to warrant specialized market research and specialized advertising and sales appeal a bank must decide for itself.

In many cases it will be found that the women's part of the local banking market is a neglected sector; that the bank's efforts to attract and serve customers are formulated by men for men and overlook the possibilities of developing more banking business among the women of the community.

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blueprints in the night

Midnight oil isn't all that's burning. So is this bank officer. He's missed two bridge nights in a row, his wife is unhappy, and he's sure he'll never hold his eyes open in tomorrow's Discount meeting.

But *somebody* has to untangle those new quarters plans, submitted by a designer who doesn't understand the needs of modern banking. Somebody who knows the bank's work flow, its operating details, the functions and problems of each department.

Tomorrow the officer will tactfully suggest to the new quarters committee that *next time* they bring in *specialized* financial planners and designers... people who know how to build maximum efficiency into every square foot of space. People like Bank Building Corporation, who have completed over 3,400 financial projects... whose specialized team brings to your project creative talent *plus* banking know-how, relieving you of all the time-consuming details.

Bank Building Corporation

OF AMERICA

ST. LOUIS, 1130 Hampton Avenue

NEW YORK • CHICAGO • SAN FRANCISCO • ATLANTA • AUSTIN

Operating Outside the Continental U. S. as: Bank Building Corporation, International



Bank Building Corporation's specialized planning methods give you more for your new quarters investment! Send today for this brochure that dramatically documents actual dollar savings realized by planning. No obligation.

You'd expect a bank like Chase Manhattan to offer every correspondent service. You'd expect Chase Manhattan to offer the guidance of specialists . . . specialists in particular geographical areas, in key industries such as aviation or petroleum, in all the phases of correspondent banking.

But what might come as a pleasant surprise is Chase Manhattan's *philosophy* of personal correspondent service, expressed through the people who serve you. Whatever your problem, you'll find it approached and appraised with interest, understanding and enthusiasm. And you will find, too, a reassuring reluctance to settle for cut-and-dried solutions when creative and constructive answers are called for.

This attitude characterizes not only the Chase Manhattan man who calls on your bank and the Chase Manhattan people you call on in New York. It applies equally to the Chase Manhattan people who serve you behind the scenes, and whom you never see. It helps explain why nearly half of all banks with New York correspondents have chosen Chase Manhattan.



The difference

SERVICE TO CORRESPONDENTS

Analysis of investment portfolios
Around-the-clock mail pick-up
Quick collection of items
Dealers in State and Municipal Bonds
Execution of security orders
Credit information
Full foreign services
Safekeeping of securities
Many personal services



*why
don't*

*you
talk*

to the

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at*

**THE
CHASE
MANHATTAN
BANK**

Chartered 1799

Head Office: 18 Pine Street, N. Y. 15
Member Federal Deposit Insurance Corporation

in correspondent banking is

Check Story Told in Comics Style

FROM the Federal Reserve Bank of New York comes a 4-color book which has given 100,000 school children more information about checks than most of their parents probably know. It's scheduled for much wider circulation.

"The Story of Checks," a 20-page pamphlet in "comics" style, is the work of the bank's Public Information Department. It was produced "in response to requests by secondary schools for information on check collection in the United States." The first big printing was soon exhausted, but the second will be ready, we're told, about January 15.

The "Story" is rather hard to describe, so we refer you to the accompanying demonstration of the technique. The drawings were done by Marie Severin, staff artist in the Fed's PI department. The easyreading educational text was staff written.

On the second cover is a drawing of a check, with the important locations spotted by arrows. On the third cover are graphic instructions on how to write and endorse a check.

The story begins with a banker, sitting on his desk, who's saying: "In my hand I hold one of the most important pieces of paper in the

world—a check. \$9 out of every \$10 of what we owe are paid by check. We have today 52,000,000 checking accounts in the United States. I want to tell you what happens to the checks exchanged between these accounts as well as pertinent facts about the past, present, and future of checks."

The rest of the book, of course, carries along the story, in colored "comics," of checkbook money—how it began, the first stage of checks in this country, and the second stage, or the Federal Reserve System. To show how the System works, a check is traced through the FRS collection

and clearance procedure. There are also interesting statistics (graphically presented) on checkbook money in the New York Federal Reserve Bank.

The story's third stage is automation; it's pictured accurately and entertainingly. "These developments," says the text, "foreshadow a shift from manual to machine check handling. This shift will at once create new and interesting jobs and eliminate some of the tedious and monotonous jobs in banking..."

The "Story" concludes with a good glossary of check service terminology.



THE GREEN-VISORED CLERK PERCHED ON A HIGH STOOL, WHO QUILED THE DEBITS AND CREDITS OF COMMERCE, IS GONE FOREVER. SINCE WILLIAM S. BURROUGHS INVENTED THE ADDING MACHINE IN 1885, A RADICAL REVOLUTION HAS TAKEN PLACE IN OFFICE WORK. THE PUNCHED CARD, KEY TO ELECTRONIC PROCESSING OF DATA IN MANY MACHINES, WAS INVENTED BY HERMAN HOLLERITH IN 1887, BUT WAS NOT USED WIDELY IN BANKING UNTIL AFTER WORLD WAR II.

WE NOW HAVE DIGITAL COMPUTERS, WHICH THROUGH THE SPEED OF ELECTRICITY, CAN ADD AND SUBTRACT MILLIONS OF FIGURES IN ORDERLY SEQUENCE. WITH THEIR AID, IT HAS BEEN ESTIMATED 95 PER CENT OF ALL BANK BOOKKEEPING OPERATIONS CAN BE MECHANIZED.



FIRST STEPS TOWARDS MECHANIZED CHECK HANDLING HAVE ALREADY BEEN TAKEN. WITH THE AGREEMENT IN 1957 TO USE MAGNETIC INK CHARACTERS TO CODE CHECKS WITH A 'COMMON MACHINE LANGUAGE,' THE AMERICAN BANKERS ASSOCIATION HAS MADE A DECISION PROBABLY OF MORE IMPACT THAN ANY OTHER BANK OPERATIONS PROJECT IN THE TWENTIETH CENTURY. MAGNETIC INK WILL PROVIDE A STANDARD SYSTEM FOR MACHINE READING AND PROCESSING FOR MILLIONS OF CHECKING ACCOUNTS IN THE FACE OF VARYING MACHINE DESIGNS, CHECK SIZES, HANDLING PROCEDURES, ETC. IT MAY DO FOR CHECK HANDLING WHAT INTERCHANGEABLE PARTS DID FOR THE AUTO BUSINESS.

How to Get the Book

Banks and businesses can obtain "The Story of Checks" from the Reserve bank in their district; the New York Fed has allocated part of its 1,000,000-copy second printing for distribution in this way.

Orders for up to 100 copies are filled free. For larger orders there is a charge of \$3 per 100 copies—the cost price, offered as a service. The book is free to schools in unlimited quantities, and single copies for individuals are also free.

THE PLACEMENT OF THE MAGNETIC INK CHARACTERS HAS BEEN AGREED UPON, PARALLEL AND ADJACENT TO THE BOTTOM EDGE OF CHECKS WITH PREPRINTING AND POSTPRINTING IN A BAND 1/4 INCH WIDE AND 3/16 OF AN INCH FROM THE BOTTOM EDGE.

No 1364

BLANK BANK

ANYPLACE, N.Y. Sept 30 1957

PAY TO THE ORDER OF

John Smith

Twenty four and 95/100

50-226 213

\$24.95

DOLLARS

0213-0226

1364076349218*0000002495*

This sample page from "The Story of Checks" is part of the graphic explanation of automation. The drawing at the top is in four colors, the middle one mostly in light yellow (green table). The panel, bottom left, is yellow, too

A.B.A. Public Relations Council

Plans and Projects for 1959

The Public Relations Council of the American Bankers Association met recently in New York City to discuss its program for the new year

IN 1959, the A.B.A. Public Relations Council will give its attention to a number of bank public relations problems and needs. For example:

(1) **Competition**, and the need for continuing growth in bank deposits, earnings, reserves, and capital funds.

(2) **Need for continuing improvement in the "banking product,"** which can be defined as "financial policies, facilities, and services, and the people behind them."

(3) **Continuing need for capable bank personnel,** particularly the need for officer and staff training in sales and public relations.

(4) **Bank service deficiencies, i.e., faults, defects, or mistakes in local bank daily performance and daily communications in relations with the public.**

(5) **Public misunderstanding, confusion, ignorance, prejudice, and antagonism in respect to banks, bankers, and banking.**

(6) **Public hesitancy or shyness, anxiety, even fear when it comes to doing business with banks, particularly on loans as borrowers.**

(7) **Local bank complacency and inaction in respect to Government relations, including legislation and cultivation of personal relationships with legislators.**

(8) **Bank apathy toward "planned public relations,"** including absence of persistence and continuity in bank public relations programs.

(9) **Need for bank leadership in economic and financial education.**

(10) **Need for more effective A.B.A. communications with members to accomplish better member perception, understanding, and appreciation of what A.B.A. does for banking and for individual members in public relations and business development.**

(11) **Need for stimulating member banks to make more organized and more practical use of community relations, publicity, and press relations in their local public relations efforts.**

(12) **Need for determining necessary banking changes in the traditional framework of day-to-day financial public relations NOW . . . in order to PREPARE for the challenges that will surely accompany the predicted expansion of banking's market in the FUTURE.**

There are many Public Relations Council projects in varying stages of development. For example:

• **Continuation, expansion, and intensification of the national mass consumer education program** through active use of national communications media, i.e., creation, development, and distribution of news and editorial material about banks, banking services, and bankers through national press syndicates, daily and weekly newspapers, magazines, television, radio, opinion leaders, columnists, and special publications.

• As "something special for the season," the Council developed a timely script for television stations in December. Entitled "A Bagful of Gift Ideas for Your Date With Santa," and including colorful tie-in props and visuals, the script offered practical tips on how to use bank services for novel Christmas gifts. Several stations throughout the country used it successfully.

• Also, the new A.B.A. film, *A Man to Know*, is now being actively promoted for showing on television. The first promotional mailing in November went to 125 TV stations in major cities. As a result, many showings have already been scheduled or held.

• **Other projects "in the works" or "under consideration"** include: Filmstrips in color on *The Role of Commercial Banks in the American Economy* for use in high schools . . . new material for the Public Relations Council Speech Service . . . new *Public Relations Self-Audit Check List for Banks* . . . eight new additions to the Council's continuing series of public relations manuals, the first on *Bank Shareholder Relations* . . . two new films . . . one on *personal money management*; the other on *trust services* . . . plus several cooperative public relations projects with other organizations.

Council Members

Members of the Public Relations Council for 1958-1959 include: JOHN P. ANDERSON, vice-president, First National Bank and Trust Company, Paterson, N. J.; MRS. JEWEL S. BASKIN, assistant cashier and public relations officer, Citizens & Southern National Bank, Columbia, S. C.; E. T. HETZLER, vice-president, Bankers Trust Company, New York; LAUDER HODGES, vice-president, Citizens National Trust & Savings Bank, Los Angeles, Calif.; WILLIAM R. KENNEDY, executive vice-president, Union Market National Bank, Watertown, Mass.; N. HALL LAYMAN, vice-president, The Northern Trust Company, Chicago, Ill.; ALLEN MORGAN, executive vice-president, First National Bank, Memphis, Tenn.; WILLIAM H. NEAL, senior vice-president, Wachovia Bank and Trust Company, Winston-Salem, N. C.; HARRIS V. OSTERBERG, secretary, Nebraska Bankers Association, Omaha, Nebr.; and LAWRENCE J. SMOTHERMAN, assistant vice-president, First Wisconsin National Bank, Milwaukee, Wis.

MELVILLE M. PARKER, executive vice-president, First National Bank, Lebanon, Pa., is Council chairman.

RUDOLPH R. FICHTEL of the A.B.A. staff is director. MESSRS. ANDERSON, HETZLER, NEAL, and PARKER are members of the Council's Interim Committee, a preparatory and exploratory working subcommittee which can meet quickly and more frequently as needed, and whose function it is to facilitate and to expedite full Council planning and action.

"She saves half the time..."

Boss saves all the cost."

**ONLY *National* Adding Machines have Live Keyboard* . . .
plus 13 other vital Owner-Operator features!**

Never before have so many time-and-effort-saving features been placed on one adding machine. Compare them—feature by feature—with any other adding machine:

1. "Live" keyboard.
2. Instantly adjustable keytouch.
3. Automatic clear signal.
4. Subtractions print in red.
5. Automatic credit balance prints in red.
6. Automatic space-up of tape when total prints.
7. Large answer dials.
8. Easy-touch key action.
9. Full visible keyboard.
10. Automatic ciphers.
11. Rugged duty construction.
12. Keyboard interlock.
13. Four-way paper space control.
14. Three-way repeat.
(quietness and beauty, too!)

Reduce hand-motion and effort up to 50% with National's exclusive "Live" keyboard, instantly adjustable to any operator's touch. *Every* key operates the motor—so you can *forget the motor bar*. No more back-and-forth motion from keys to motor bar.

A National "De luxe" Adding Machine pays for itself with the time-and-effort it saves, continues savings as yearly profit. One hour a day saved with this National will, in the average office, repay 100% a year on the investment. See a demonstration on your own work. Call nearest National branch office or dealer. See phone book yellow pages.



*TRADE MARK REG. U. S. PAT. OFF.

National
ADDING MACHINES • CASH REGISTERS
ACCOUNTING MACHINES
INK PAPER (NO CARBON REQUIRED)

THE NATIONAL CASH REGISTER COMPANY, DAYTON 9, OHIO

1039 OFFICES IN 121 COUNTRIES

75 YEARS OF HELPING BUSINESS SAVE MONEY

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

Business Building Bulletin

JANUARY 1959

BANKING'S Operation '59 and After

ALL of BANKING's market research and studies made for the banking business by others point to one clear message:

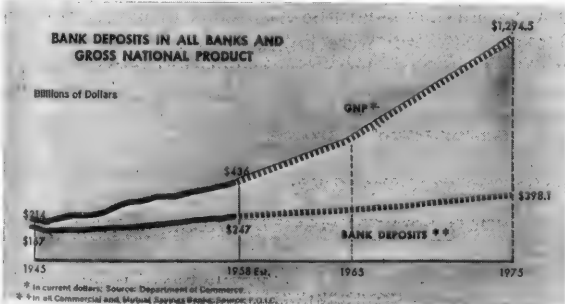
Now is the time for banks to step up the power of their sales programs.

WHY NOW? Because the opportunity is unlimited and so is the competition.

TECHNICAL progress, business expansion, population growth, and other circumstances today combine to create a powerful forward trend that is not likely to stop soon or reverse itself. The future will belong to those who are ready for it.

TRUE, this prospect includes some trends of a grimmer kind like inflation and war, but for a few paragraphs let's keep the lens focused on the brighter future and leave doomsday to the doomsters.

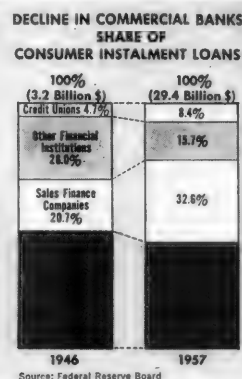
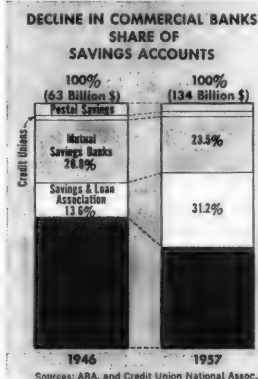
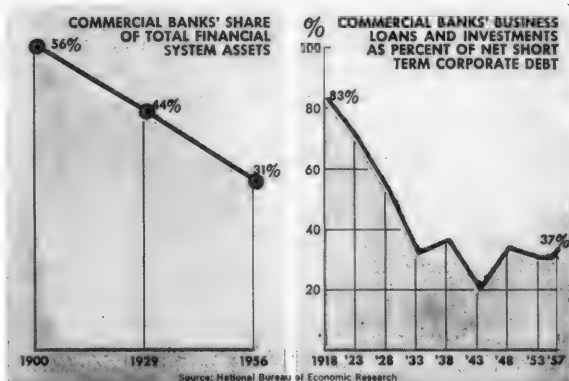
CHARTED, the picture looks like this:



But the banks' share in this growth for some years has been dwindling, as shown in the charts above right.

IF THE present trend continues, banks will lose many billions of dollars in potential volume in the years to come. This is how competition works and should work. Lately there has been a slight change for the better as far as bankers are concerned, but this does not alter the facts materially.

The figures charted are national, but the problem is mainly local. In the next few years some banks will go ahead and some will lose ground, regardless of what happens in the national picture.



BANKING's editorial program is to provide individual banks with complete, authentic information on the general outlook and the tools needed to improve services, operations, and sales.

Through our own research facilities and the incomparable fact-finding machinery of the American Bankers Association, BANKING is in a position to produce this information in condensed, time-saving form, month by month.

ON PAGES 70 and 71 is the first of a series of BANKING's national advertising of the Association's research resources. On page 74 are some of the market research subjects which have appeared in BANKING in recent years. On the following pages is a demonstration of pinpoint market research, showing what can be done locally to measure your effectiveness.

Prospecting for More Bank Business

Don't Play Around With Market Research—

Make It Work for You

CERTAINLY in recent years there has been great progress in the science of bank market research, but not in the art of making practical use of it.

Too often the information finds its way quickly to a library shelf where the only attention it gets is from the cleaning woman when she comes around to dust it off.

Evidence that the Medina banks have kept fairly close tab on their market and their merchandising is in the fact that competition has not gained a great deal of ground compared with the national picture.

This latest survey will be analyzed, opportunities explored, and actions recommended. BANKING will report later on how the information was used.

THIS study was made to discover:

(1) Social and economic characteristics of families in Medina, Ohio.

(2) The familiarity of Medina families with the banking services offered by local banks, and the extent to which those services were used.

Medina was selected for this study primarily because an almost identical study was made for BANKING in the same town in 1946. The town was selected in 1946 as being an "average" community. It is the center of a good general agricultural area, with a variety of manufacturers within the city having the normal utilities, highway, and rail service. It is 19 miles west of Akron, 28 miles south of Cleveland.

It is served by two banks and a savings and loan association.

Its population in 1958 is estimated by the Chamber of Commerce at 8,092. This survey enumerated 2,140 families with a projected population of 8,050.

The study was conducted by specially trained interviewers, using face-to-face interviewing with an evenly "spaced" sample from prior enumeration. The total sample consisted of 153 householders, usually the housewife.

Interviewing was completed on November 26, 1958.

Twelve years have elapsed between this study and the first bank-use study in Medina. Even a superficial comparison of the two studies will indicate the shifts and changes which have occurred between the "hectic" postwar years and the "anxious" years of the late 1950s.

In this period population has grown from 4,430 to 8,050, an increase of 82%. The number of families has grown from 1,360 to 2,140, an increase of 57%. Family composition has shifted from small families (median number of family members 3.6) to larger families with a larger proportion of children 10 years of age

and younger (median number of family members 4.3). Thus, there are more families with more children per family. It is interesting to note that the number of families composed of two or more married couples, which was so characteristic of the postwar years, has almost reached zero.

While the proportion who own their own homes has remained constant at 73% to 74%, the average rent paid per month has almost doubled—from \$36.44 to \$67.56. This is an indication of the rising prices which have occurred.

On the other hand, the intentions to purchase durable goods, which were so characteristic of the postwar period, have been translated into actual possessions. Some appliances in the current study didn't even exist at the time of the first Medina study—for example, television (95% now own); driers (46% now own).

In this environment of profound shift and change of social and economic characteristics which have occurred in the past 12 years, bank attitudes and usages have undergone shifts and changes, also.

There is only a slight change, if any, in the proportion of the families having savings accounts. The increase in the number of accounts is primarily due to the increase in the number of families and the number of family members; the proportion having checking accounts has risen from 51% to 70%.

The use of the mails for deposits has risen from 3% to 84%. There is a decrease in the number of years which these families have done business with their bank. Two reasons for choosing a particular bank have decreased: Congenial bank staff, and influence by reputation.

The amount of bank advertising recalled has increased for all media. In addition, the proportion who usually read bank advertising has increased slightly—from 65% to 69%.



POPULATION

1. Housing: Number of families in single houses, in two-family dwellings, and in multiple dwellings.

Families in single houses	1,960	92%
Families in two-family dwellings	70	3
Families in multiple dwellings	110	5
Total families	2,140	100%

2. Population: Number of persons per family by sex and age group.

Men		
No men	180	8%
One man	1,820	85
Two men	140	7
Three or more
Total	2,140	100%

Women		
No women	10	1%
One woman	1,890	88
Two women	180	8
Three or more	60	3
Total	2,140	100%

Children		
No children	730	34%
One child	240	11
Two children	660	31
Three or more	510	24
Total	2,140	100%

Total in the family		
One person	110	5%
Two persons	430	20
Three persons	340	16
Four persons	700	33
Five persons	380	18
Six or more	180	8
Total	2,140	100%

The interviewer meets her next interviewee and . . .

Total population in area studies 8,050 380%*
 *The average (mean) number of persons per family is 3.8.

Number of family groups composed of
 One married couple 1,950 91%
 Two married couples 10 1

NOTE: 180, or 8% of the respondents, reported no families, only individuals. "A married couple," for purposes of this study, consisted of blood-related groups who would normally constitute separate family units.

Children's ages
 Under 2 480 22%
 2 to 5 years 730 34
 5 to 10 years 660 31
 10 to 18 years 590 28

NOTE: Number of families and percentages add to more than 100% because many respondents indicated one or more children in each of several categories.

3. Age group of home head.

Number of families whose head is
 Under 30 350 16%
 30 to 50 1,120 53
 Over 50 670 31
Total **2,140** **100%**

4. Employment.

Number of families having
 One man 1,800 85%
 Two men 30 1
 Three men
 Four or more
Total **1,830** **86%**

One woman 200 9%
 Two women 30 1
 Three women 10 1
 Four or more
Total **240** **11%**

Not employed

No men in family 200 9%
 One man 110 5
 Two men
 Three or more
Total **310** **14%**

No women in family 10 1%
 One woman 1,820 85
 Two women 40 2
 Three or more 30 1
Total **1,900** **89%**

. . . spends up to an hour with her, carefully filling out the BANKING questionnaire





HOME OWNERSHIP

5. Number of families.		
Owning their houses	1,570	73%
Renting their houses	570	27
	2,140	100%
Average rent per month—\$67.56		
6a. Number of families who have made home improvements within the last year which cost several hundred dollars or more.		
Home improvements		
Yes	360	17%
No	1,780	83
	2,140	100%
7a. If "yes" to 6a—Which did you do, pay cash, have monthly payments arranged by the dealer, or finance through a bank?		
Paid cash	250	70%
Monthly payments	30	8
Financed through bank	70	19
Don't know	10	3
	360	100%
6b. Do you plan on making any such home improvements within the next year?		
Plan home improvements		
Yes	240	11%
No	1,870	88
Don't know	30	1
	2,140	100%
7b. If "yes" to 6b—Which will you do, pay cash, have monthly payments arranged by the dealer, or finance through a bank?		
Pay cash	80	33%
Monthly payments	10	4
Financed through bank	80	33
Don't know	70	30
	240	100%
8a. Bought or built home within the last 10 years.		
Yes	1,020	48%
No	1,120	52
	2,140	100%
8b. Number who, on buying or building a home, financed a loan.		
Financed loan	850	83%
Did not finance a loan	170	17
	1,020	100%

Part of Medina's business section

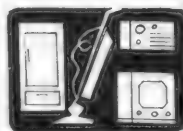


8c. Number who, on arranging a loan, would place the loan with:		
A bank	590	66%
A building and loan association	110	13
A mortgage company	80	9
An insurance company	10	1
Relatives	30	3
Not reported	40	5
	850	100%

9a. Number who plan on building within the next year.		
Yes	180	8%
No	1,950	91
Don't know	10	1
	2,140	100%

9b. Number who, on building a home, would finance a loan.		
Would finance a loan	180	100%
Would not finance a loan
	180	100%

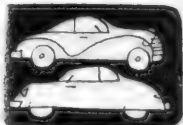
9c. Number who, on arranging a loan, would place the loan with.		
A bank	160	88%
A building and loan association	10	6
A mortgage company
An insurance company
Don't know	10	6
	180	100%



APPLIANCES

10. Appliance ownership and buying intentions.

	Number of families:					
	Owning	Will buy new	Will pay cash	Will arrange payments with		
				Dealer	Bank	Finance co.
Refrigerator						
With freezing compartment	780					
	36%					
Refrigerator without freezing compartment						
	1,260					
	59%					
Total	2,040	30	10	10	10	10
	95%	1%	34%	33%	33%	
Separate freezer						
Have refrigerator	590					
	28%					
Do not have refrigerator	590	60	60			
Total	590	3%	100%			
Automatic washer						
	1,390	80	40	30	10	
	65%	4%	50%	38%	12%	
Drier						
	980	110	30	40	30	10
	46%	5%	27%	37%	27%	9%
Vacuum cleaner						
	1,990	30	30			
	83%	1%	100%			
Radio						
	2,020	10	10			
	94%	1%	100%			
Television						
	2,030	20	10			10
	95%	1%	50%			50%



AUTOMOBILES

11. Automobile ownership and buying intentions.

	Owning	Intend to buy	Will pay		Will arrange payments with
			cash	Dealer	Bank Finance co.
No cars	180 9%				
One car	1,460 68%	10 1%		10	100%
Two or more cars	500 23%	20 1%		10 50%	10 50%

12. Number of families reporting

	First Car	Second Car	Third Car	Total
Purchased new	990 46%	140 6%	30 1%	1,160 54%
Purchased used	970 45%	360 17%	0 0%	1,130 62%
Total	1,960 91%	500 23%	30 1%	2,490 116%

13. Number who plan to buy furniture costing \$200 within the year

Will buy furniture	410 19%
Will not buy furniture	1,700 80
Don't know	30 1
	2,140 100%

16. Number of families reporting savings other than banks, building and loan, and post office

Number of families having		
U. S. Treasury Savings Bonds	640	30%
Other investments	240	11
Life insurance	1,670	78
Other methods	270	13
None	40	2
Stocks	10	1
Not reported	70	3

17. Number of families reporting safety deposit boxes

Have safety deposit boxes	450 21%
Do not have safety deposit boxes	1,690 79
	2,140 100%

Safety deposit boxes are used:

To keep cash	10 2%
Bonds and securities	240 53
Valuable papers	390 87
Other valuables	40 9
	680 151%

18. Number of families having checking accounts

Have checking account	1,500 70%
Do not have checking account	590 28
Not reported	50 2
	2,140 100%

19. Number of families in which family banking is done by:

Husband	880 41%
Wife	940 44
Other member	60 3
Both	220 10
None	40 2
	2,140 100%

20. Number who make deposits by mail

Make deposits by mail	1,790 84%
Do not make deposits by mail	350 16
	2,140 100%

21. Number who do most of their financial business at:

The Old Phoenix National Bank	1,300 61%
Savings Deposit	630 29
Both Old Phoenix and Savings Deposit	30 1
Savings and loan association	60 3
Out-of-town banks	80 4
None	40 2
	2,140 100%

22. Number of families dealing with their financial institution:

Less than 1 year	240 11%
1 to 5 years	500 23
Over 5 years	1,360 64
None	40 2
	2,140 100%

(CONTINUED ON PAGE 72)



SAVINGS ACCOUNTS

14. Number of families reporting savings accounts

Neither adults nor children have savings accounts	170 8%
Adults only have savings accounts	
One adult	540 25%
Two adults	410 19
Three or more adults	80 4
	1,030 48%
Children only have savings accounts	
One child	70 3%
Two children	30 1
Three or more children	40 2
	140 6%
Both adults and children have savings accounts	
One adult and one child	70 3%
and two children	250 12
and three or more children	40 3
Two adults and one child	100 5
and two children	170 8
and three or more children	130 6
Three or more adults and one child	30 1
and two children	10 1
and three or more children	0 0
	800 38%
Grand total	2,140 100%

15. Distribution of family savings accounts

With banks	1,890 96%
With building and loan associations	70 3
With post office	0 0
Other	10 1
	1,970 100%

Lobby of the Old Phoenix National Bank



Who has the last word

ON TRUST INVESTMENT MATTERS?



Investment
problems:
always of first
importance
at trust
meetings



You
do...

...thanks to the constant pioneering work of the American Bankers Association's TRUST DIVISION in all phases of trust affairs.

For example, take the perpetual problem of the nation's banks that have small trust departments: *How to get expert management and better-income-producing investments for trust funds of customers?*

A new solution: The model statute worked out by the ABA Trust Division (based on the New York State Bank Fiduciary Fund). This plan is available to bankers in any state for legislative enactment. It provides for a statewide mutual investment fund, in which small banks can participate, with a large bank in the state selected as trustee. It assures wide diversification of investments for trust customers of small banks.

This investment plan is only one of many new ABA TRUST DIVISION activities spotlighted in recent issues of BANKING. Watch for articles soon on the new "Handbook on Handling Businesses in Trust" and "Glossary of Fiduciary Terms."

Largest paid circulation of any publication in the banking field.

BANKING

Journal of the American Bankers Association

This is one of a series featuring the broad research activities of the American Bankers Association

(CONTINUED FROM PAGE 69)

23. Number of families giving the following reasons for selecting the favorite financial institution:

Convenient location	700	33%
Services offered	290	14
Congenial bank staff	270	13
Influenced by friends	570	27
Influenced by advertising	30	1
Influenced by reputation	180	8
Influenced by business connections....	210	10
Other reasons	110	5
None	60	3
Don't know	80	4

24. Number of families reporting use of a second institution

Savings Deposit	310	14%
Old Phoenix	340	16
Savings and loan associations	230	10
Out-of-town banks	140	■
None	1,120	51

2,140 100%

Families report use of the second financial institution for

Savings	550	26%
Checking	250	12
Loans	340	16
Money orders	40	2
Cashing checks	70	3
Other	10	1

25. Number of families who purchase money orders at

Banks	420	20%
Post office	1,150	54
Express company or agency	30	1
Do not purchase money orders	570	27

26. Number of families giving reason for purchasing where they do

Convenient location	590	38%
Cheaper	150	9
Habit	700	45
Other reason	620	39



FINANCIAL ADVICE

27. Number of families who would select each of the indicated consultants, on occasion

Bank or trust company	1,180	55
Friend or relative	460	21
Lawyer	380	18
Investment broker	10	1
Other—don't know	110	5

2,140 100%

28. Impressions as to the cost at a bank compared with finance companies:

Number of families who feel the bank is		
Cheaper	1,460	68%
The same	200	9
More costly than borrowing from a loan or finance company	10	1
More reliable	10	1
Don't know	460	21

2,140 100%

29. Impressions as to the speed at which a loan may be obtained from banks as compared with a finance company:

Number of families who feel the bank is		
Quicker	850	40%
About the same	380	18
Slower	240	11
Don't know	670	31

2,140 100%

30. Number of families who, in case of emergency, would be likely to make a loan:

Number who would	1,250	58%
Number who would not	700	33
Don't know	190	9

2,140 100%

31. Number of families who would go for a loan

To a bank	1,230	57%
To a loan or finance company	60	3
To a credit union	60	3
To a friend or relative	710	33
Don't know	80	4

2,140 100%



PERSONAL LOANS

32. Number of families reporting on personal loans

Have a personal loan outstanding now	730	34%
Do not have a personal loan outstanding now	1,410	66

2,140 100%

The institution with which that loan is outstanding:

Bank	440	60%
Finance company	180	25
Friend or relative	110	15

730 100%

33. Number of families who have a mortgage loan outstanding, either on the occupied house or other property

Number having a mortgage loan	850	40%
Number who do not have a mortgage loan	1,290	60

2,140 100%

34. The institution with which the loan is placed:

With a bank	540	64%
A building or savings & loan association	110	13
Mortgage company	80	9
Insurance company	40	5
Not reported	80	9

850 100%

35. Number of families who have ever made a loan of any kind

With a bank	1,580	74%
A finance company	350	16
A credit union	70	3
Other institution	10	1
None	290	14

36. Number of families who feel well enough acquainted at their bank to qualify for an immediate loan

Number who feel well enough acquainted	1,790	84%
Number who do not	170	8
Don't know	180	8

2,140 100%



GI LOANS

37. Number of families who have veterans from World War II

Families with veterans	800	37%
Families without veterans	1,340	63

2,140 100%

38. Number who have made GI loans

Those who have made GI loans	220	27%
Those who have not made GI loans...	580	73

800 100%

39. Number who plan to make GI loans within the next year

Those who plan to make GI loan	10	1%
Those who do not	790	99
	800	100%

40. Number of families who, on traveling, purchase traveler's checks

Purchase traveler's checks	920	43%
Do not purchase traveler's checks....	1,220	57
	2,140	100%

41. Number of families who buy traveler's checks from

A bank	890	97%
Travel bureau	0	0
Express company	30	3
	920	100%

42. Number of families who go to a bank for foreign exchange

Number who go frequently	60	3%
Very seldom	140	6
Never	1,940	91
	2,140	100%

43. Number of families who go to a bank to buy or cash U. S. Treasury Savings Bonds

Those who do go to a bank	1,050	49%
Those who do not go to a bank.....	1,090	51%
	2,140	100%

Of the families who do go to the bank,

The number who go to buy.....	520	50%
The number who go to sell.....	780	74
	1,400	124%

44. Number of families who would purchase savings certificates similar to U. S. Treasury Savings Bonds if a bank were to offer them

Would purchase	870	41%
Would not purchase	1,270	59
	2,140	100%



SUGGESTED SERVICES

45. The services not now offered which families would like their bank to render

None	1,920	87%
Drive-in windows	80	3
More lenient loan terms	40	2
Nurseries	30	1
Pay utility bills	10	1
Different hours	10	1
Checking account	10	1
Free checking accounts	10	1
Check O'Matic	10	1
Different addressing system	10	1
Stamp to eliminate endorsing checks	10	1
	2,140	100%

46. Number of families who expressed each of the indicated attitudes towards banks

Excellent	830	39%
Good	1,100	51
Fair	210	10
Poor	0	0
	2,140	100%

47. Number of families who feel their bank's premises are attractive, modern and a pleasant place to do business

Number favorably impressed	2,140	100%
Number not favorably impressed	0	0
	2,140	100%



Lobby of the Savings Deposit Bank Company



TRUST SERVICES

48. Number of families whose head has a will

Have a will	740	34%
Does not have a will	1,300	61
Don't know	100	5
	2,140	100%

49. Number who have named as executor

Relative	450	62%
Friend	10	1
Lawyer	60	8
Bank or trust company	10	1
Don't know	210	28
	740	100%

50. Number of families whose head carries life insurance

Does not carry life insurance	220	10%
Carries under \$5,000	590	28
From \$5,000 to \$25,000.....	900	42
Over \$25,000	220	10
Not reported	210	10
	2,140	100%

51. Number of families reporting use of local trust services

Those who use trust services	110	5%
Those who do not use trust services..	1,950	91
Not reported	80	4
	2,140	100%

52. Number of families whose head is paid on each of the indicated days

Monday	10	1%
Tuesday	10	1
Wednesday	30	1
Thursday	100	5
Friday	570	26
Saturday	80	4
	800	38%

Day of the month

1st	180	7%
15th	10	1
25th	10	1
30th	40	2
1st and 15th	100	5
5th and 20th	60	3
10th and 25th	10	1
15th and 30th	180	7
Last Friday	60	3
Every 2 weeks	130	5
Every 3 months	10	1
	790	36%



Shopping center in Medina

No regular day	400	18%
Retired	40	2
Pension	60	3
Dividends	10	1
Nothing	30	1
Don't know	10	1
	550	26%
Grand total	2,140	100%

53. Number of families who cash their pay check at each indicated institution:

Cash check at a bank	1,570	73%
At a neighborhood store	130	6
Downtown store	80	4
Elsewhere	130	6
Pay received in cash	150	7
Not reported	80	4
	2,140	100%



ADVERTISING

54. Number of families who remember seeing bank advertising in/on

Newspapers	2,020	94%
Mentioned Old Phoenix	1,530	71
Savings Deposit	1,110	52
All other banks*	340	16
Don't remember bank advertised	200	9
Billboards	1,120	52
Mentioned Old Phoenix	660	31
Savings Deposit	310	14
All other banks*	150	7
Don't remember bank advertised	210	10
Television	1,330	62
Mentioned Society for Savings	480	22
All other banks*	660	31
Don't remember bank advertised	520	24
In the mails	1,690	79
Mentioned Savings Deposit	1,200	56
Old Phoenix	550	26
All other banks*	200	9
Don't remember bank advertised	0	0
Radio	360	17
Mentioned all banks	150	7
Don't remember bank advertised	220	10

NOTE: Many families named several banks in answer to the medium of advertising remembered for bank advertising.

* Those banks mentioned by less than 10 respondents for the indicated medium of advertising.

BANKING on Market Research

Below are some of the market research subjects covered by BANKING in the last two years. Many others, on a wide variety of related topics, have appeared previously in BANKING.

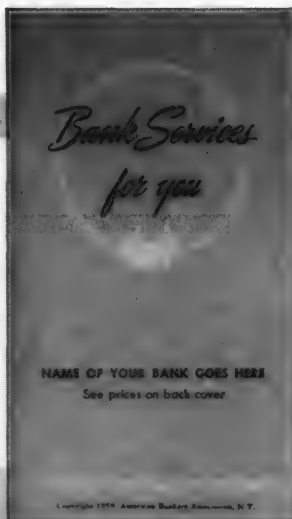
- | | |
|---|--|
| <p>Feb. 1957 "What to Do With \$100,000,000 Worth of Selling This Year."</p> <p>Mar. 1957 "A Method of Finding an Area's Deposit Potential," by Spencer A. Weart.</p> <p>"Why Banks Like Girls," by William R. Kuhns.</p> <p>"A Candid Picture" (A.B.A.'s first nationwide motivation survey).</p> <p>May 1957 "Change."</p> <p>June 1957 "Direct Mail Tailor-Made for Banks," by Huntly H. Geddes.</p> <p>"Case Study in Bank Market Research."</p> <p>July 1957 "Advertising—Investment for Profit," by Lou Letts.</p> <p>July & Aug. 1957 "The Case Against Surmise."</p> <p>"COST Is the CRUX of Market Research for Banks," by John O. Chappell, Jr.</p> <p>"A Report on the Effectiveness of Bank Advertising."</p> <p>Oct. 1957 "What to Do with Old Bank Ads." Interview with George Gallup.</p> <p>Jan. 1958 "Market Research Means Business."</p> <p>Feb. 1958 "Dressed Up and Ready to Go, Almost."</p> <p>"Unworked Gold Mines of Business Development Data."</p> <p>"Huge Potential Demand for Bank Services, IF—."</p> <p>Mar. 1958 "Search and Research for New Business."</p> | <p>Mar. 1958 "Business Aids Your Customers Can Use."</p> <p>"Using Government Market Data Profitably," by Nelson A. Miller.</p> <p>"Survey of 1,279 Atlanta Families Shows Bank Friendly, Easy to Deal With."</p> <p>Apr. 1958 "More Millions of New Customers," by Melville M. Parker.</p> <p>May 1958 "King Pin of Area Development—THE BANK."</p> <p>June 1958 "How Small Banks Can Plan Market Research," as outlined by Harry W. Ketchum.</p> <p>"Bank Business Development—Acres of Diamonds."</p> <p>July & Aug. 1958 "Banking on All Cylinders," by John J. McCann.</p> <p>July 1958 "Bank Business Development—A Bank's Own Research Resources," by Herbert Bratter.</p> <p>Aug. 1958 "Bank Business Development—MARKET RESEARCH: External Sources of Local Information," by Herbert Bratter.</p> <p>Oct. 1958 "This Bank Provides Free Research for Customers."</p> <p>Oct. & Dec. 1958 "What MARKET RESEARCH Can Do for Banks," by Herbert Bratter and Forrest Clements.</p> <p>Dec. 1958 "Increasing Deposits Through Statistical Market Research," by Spencer A. Weart.</p> |
|---|--|

ADS and AIDS that sell SERVICES

The Latest A.B.A. Direct Mail Pieces

New Revised Edition!

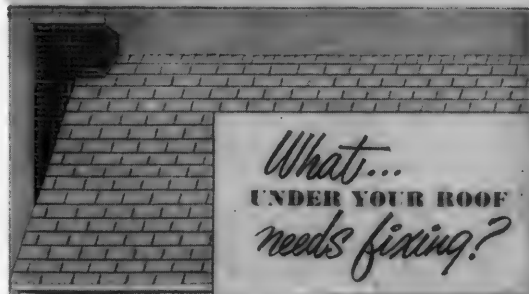
This long-popular 24-page informative booklet has now been brought completely up to date. Why not let "Bank Services for You" build business and goodwill for your bank? If desired, choice of A.B.A. message on trust services or on special checking will be imprinted on back cover. New front-cover colors: Peach buff and dark brown.



Folder shown at right answers title question thus: "Just about everybody who is in a hurry!" Text points up convenience of your drive-in facility; invites depositors to use it. List of your drive-in services; schedule of your drive-in hours; or A.B.A. standard message may be imprinted on back cover. Colors are red & black.



Home improvement loan folder, shown below, features check-list of "trouble-spots" about the house; stresses importance of attending to repair needs promptly; "sells" the advantages of financing through your bank. Colors: Blue & red.



Each month, new direct advertising pieces are prepared. A word to the A.B.A. Advertising Department, specifying subjects in which you are interested, will bring you samples of other direct-mail folders and blotters currently available. Among them you will surely find one or more that can be helpful in your bank's effort to lead more people in your city to use more of your banking services.

Samples of any or all pieces shown—plus the full details, including quantity prices, and order forms—sent on request. Simply write the A.B.A. Advertising Department, 12 East 36 St., New York 16, New York, noting titles you desire.

Bank's Parking Lot Wins Local Praise and National Landscaping Award

THIS is a community relations story. It's about a bank that turned protest into praise—local and national.

The Citizens and Southern National Bank of South Carolina, Charleston, has demonstrated that "a parking lot *can* be beautiful," reports Dorothy Debnam, advertising manager. Not only does the city speak proudly of the bank's car area, but the plot won a National Industrial Landscaping award.

When C & S began to buy property for parking purposes, neighborhood residents and organizations raised their eyebrows: they didn't want a big patch of ugly old asphalt among their historic churches and homes. The bank assured the objectors that it planned to make the area as attractive as possible, but the controversy was warm, with letters to the papers, and so on. But finally the city fathers said OK.

C & S kept its promise, and the

premises are now known as "the bank in a garden." With walls of old brick, landscaped borders, wrought iron gates, the lot blends readily into its environment. The small bank office adjoining is an old building that has been carefully restored.

A small formal garden at the rear is a beauty spot that invites customers to tarry as they come and go. The plantings feature camellias, azaleas, boxwood, and magnolia, which have made Charleston gardens world famous.

The Charleston *News & Courier* commented in a recent editorial: "What must be among the most attractive parking lots and bank offices in the United States now is operating in downtown Charleston . . . by tasteful use of landscaping and traditional architecture, an ornament has been created. The Citizens and Southern Bank has demonstrated what a business concern can



Here's a corner of the small garden that is a feature of the parking lot

do to preserve the charm of an old city while adapting space to modern needs."

"... the charm of an old city while adapting space to modern needs"



Bank Has Textile Show

UNION Dime Savings Bank, New York, has an exhibition of fabrics to dramatize the theme "New York Is the Textile Town." The display emphasizes the importance of textiles to the city and the development of the midtown area, where the bank has a new home, as a textile center.

Thirty-five companies are participating. The processing of cloth is traced and the use of fibers and chemicals in textiles is demonstrated. More than 230 fabrics for fashion, the home and industry are shown.

Outdoor Ads Show California's Beauty

SECURITY-FIRST National Bank has a new outdoor program that compliments—and complements—the beauty of Southern California.

The "Ideas" Section of *BANKING'S Business Building Bulletin* is by JOHN L. COOLEY.

Thirty-two painted bulletins, 20 by 28 feet, show the section's most famous scenes from Santa Barbara to San Diego, and from Catalina Island to Mount Palomar.

The huge landscapes and seascapes were painted at the sites by Ren Wicks. Each is rotated monthly to a new high-traffic location so that a maximum number of passers may enjoy the series. It's estimated that more than 23,000,000 people a month view the locations decorated by the bulletins.

Figures for Folks

BELIEVING that the average person has little taste for bank financial statements, Bank of Montreal presents its own important figures in human interest form. The statement for the bank's 1958 year goes a step further, dramatizing B of M's function in using the deposits of all kinds toward the development of all kinds toward the development of Canada.

Thus, one ad is topped with a photo of a small girl filling in a deposit slip. Copy says: "She's helping to write our Bank Statement . . . and lending money to build houses. . . . Just fifty cents a week, yet the regular deposit of this young lady



The Laguna Beach and Seal Rocks scene shown on the board above was the first in the bank's Southern California series. Five of the other nine are in the insets. The four men standing at the sign are, l. to r., Security-First President Lloyd L. Austin, Board Chairman James E. Shelton, Executive Committee Chairman Elden Smith, and Hal W. Brown, chairman of Pacific Outdoor Advertising

at one of our school wickets makes her a valued customer . . ."

In rural communities the story is in editorial-advertising form, carrying the picture and signature of the local branch manager who says something like this:

"Yes, you've written a three-billion-dollar story in your bank-book this year. It's my bank's annual report for 1958."

B of M still issues, of course, the orthodox type of statement for the financial community.

IDEA AT WORK IN WATERTOWN, MASS.

This is one of the supervisors' sessions at The Union Market National Bank of Watertown, Mass., described in last month's article "Everybody's Ideas Are Welcome," page 45. The supervisors meet periodically to discuss bank problems. Officers, credit executives, and tellers hold similar roundtables. The picture, received too late for use with the December issue story, shows, l. to r., Pauline Alarie, accounting-auditing; Elizabeth Gibson, savings; Warren Chase, note department; Dorothy Sell, time credit; Assistant Vice-president Frank Jackson, chairman; Raymond Shorey, bookkeeping; Barbara Gray, assistant cashier and branch office representative; Charles Morash, commercial tellers department; Jeanne Smith, proof-transit.



How to Go After Business by Direct Mail

HINTS on how to use this method are offered by John H. Sherwood, manager of advertising and business development at the People's Savings Bank, Bridgeport, Connecticut.

Mr. Sherwood suggested that the

FPRA Meetings Next Spring

The Financial Public Relations Association has scheduled three one-day regional conferences for 1959: Atlanta, April 1; Cleveland, April 6; and San Diego, Cal., April 10. Each will have a morning session featuring association officers, luncheon and dinner meetings, and afternoon departmental meetings.

THE filling station man was a customer of Lincoln National Bank & Trust Company in Syracuse, N. Y., and he called to ask help in making a cash deposit. It was in silver dollars he'd been laying aside for years as they were paid for gas and oil. He didn't know how many he had, but they were too heavy to lift.

Then their owner deposited all \$1,700 in a new savings account.



Bankman Taylor and Gasman Trytek at the bank with the 1,700 silver dollars

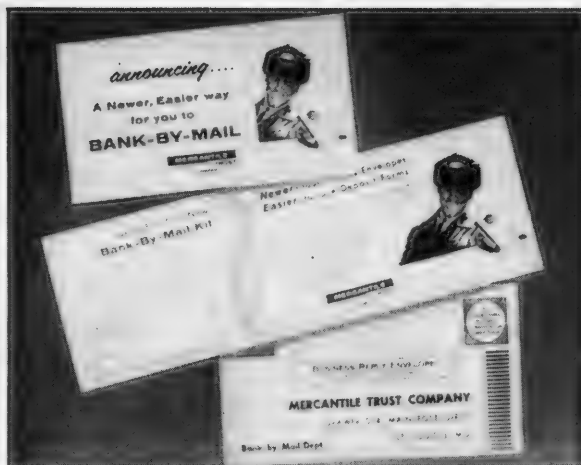
At the People's the question of color printing is determined by the prospective recipient. For instance, a new home improvement dealer should get a multiple-color piece because that's the kind he gets from concerns all over the country. Col-

Where is the new business? First, **write your dormant accounts.** The mailer should be attractive, suggesting that the ex-customer bring in the old book and have the interest

Mr. Sherwood offered his suggestions at a savings meeting sponsored by the Financial Public Relations Association.



Here's the Social Security exhibit at the Peoples Trust Co., Paramus, N. J. Pictured is Walter B. Schoffman, manager of the Hackensack SS area



Mercantile Trust Co. of St. Louis used 2-color newspaper ads and direct mail to announce a new bank-by-mail envelope (sealed by finger touch) and a new deposit form

Social Security Exhibit

NEARLY everybody has a stake in Social Security, and a bank lobby display featuring recent changes in the law is pretty sure to attract attention and perform a community service. Incidentally, folks will remember that they "saw it at the bank."

Peoples Trust Company of Bergen County, N. J., Paramus, set up a SS show in its Garden State Plaza branch. The Social Security office in Hackensack furnished the material, consisting of two portable units and literature. The exhibit didn't take much space, but it did provide much information about such things as new features affecting payments to disabled persons, liberalization of requirements for disability benefits, and changes in the work requirements for beneficiaries.

Leaflets were distributed and questions answered by a representative of SS. The display was shown for two weeks; the bank plans to use it at other offices, too.

Robert E. Karklin, assistant secretary of Peoples, writes: "We are advised that exhibits of this type are available for display merely by contacting the area Social Security representative."

Savings Gift Certificate

A GIFT certificate, good for an account passbook in the recipient's name, is being offered by the Emigrant Industrial Savings

Bank of New York. It was available in time for Christmas.

The certificate may be obtained the year round for use on any occasion—graduation, birthday, anniversary, etc. The donor gets the attractive gift notice at the bank; the receiver can make the exchange by mail.

TIMELY TOPICS

PROFILE. Bank of America has published "California Profile," an illustrated review of the state's economy. It uses charts, maps, and

multi-colored photos to show the strength and growth of the state's productive activities.

EXHIBIT. As part of the 40th celebration of Children's Book Week, the East River Savings Bank, New York City, displayed new juveniles by authors living in the metropolitan district.

BROCHURES. Two recent ones: "A New Look at an Old Friend," issued by National Bank of Commerce, Pine Bluff, Ark., to introduce its new home; and "50 Years in Menomonee Falls" to mark the Farmers & Merchants Bank's 50th anniversary in

BANK HONORS COPS. The Bank of Whiting, Ind., has an unusual PR project. Each year President Walter Schrage sponsors the awarding of guns to the three top marksmen on the city's police force and to the officer who is most improved from the previous year. In the picture Mayor Mary E. Bercik gives the No. 1 award to Bob Gacsko. Left, Ed Grabovac, maker of the greatest progress; next, John Haluska, second award; right, John Slater, winner of the third award





Chicago National Bank promoted safe deposit boxes on a swivel stand. Theme: "Your Personal Treasure Chest." Pictured, Joe Hrebic, manager of the safe-keeping department, demonstrates to Margaret Moore and Sybil Imyak

that Wisconsin town. The latter booklet contains considerable historical material.

PEOPLE. A 1958-59 project of the Florida Bankers Association is a series of six one-day personnel clinics, around the state, at which recruitment, training, and handling of bank employees will be discussed.

CHECK STORY. A new booklet by Lester A. Pratt, "The 'wHole' Story of American Bank Checks," is being distributed by Cummins-Chicago Corporation. It traces the methods used by American banks to process checks from 1782 to the present. Illustrations include a check drawn by Lincoln on April 13, 1865. The title is a play on the permanent cancellation of paid checks.

A "FIRST." The Chase Manhattan became the first bank to sponsor an exhibit in New York's Grand Central Terminal. The display, "A World of Banking Service in Your Neighborhood," was the bank's largest exhibit and the first to portray all its services, illustrated in frames on panels. Staff members were on hand to answer questions. CM was co-exhibitor with Merrill, Lynch, Pierce, Fenner and Smith in that Stock Exchange firm's "Showcase of American Business."

NEW FILMS. "Eyes on New Business" is the title of the newest sound slidefilm for staff training produced by FPRA. It's in color and is aimed

Formula for Officer Call Program: *Organize and Reward*

SUGGESTIONS for an officer call program: (1) Organize the areas of activity as precisely as possible. (2) Be sure the results pay off for the officers concerned.

These two basic points are made by Robert H. O'Toole, vice-president of Pullman Trust and Savings Bank, Chicago. They're the result, he says, of his and other banks' experience.

Business accounts at Pullman are organized into four main divisions: retail, industrial, real estate, and trust, the latter including individuals and organizations. Each division manager knows which accounts he should cover and what types of accounts he is expected to solicit for deposit business.

In the industrial division, for example, personnel formerly called "commercial loan men" are now responsible for deposits as well as loans. The bank rewards them for their efforts, thus keeping them alert to the responsibility and the need for getting—and keeping—deposits.

This doesn't mean incentive campaigns, cash bonuses, or other direct payoffs, Mr. O'Toole explains. The campaign is more comprehensive. Here's how it works:

"First, each manager determines, with management, the direction his division will take during a one-year period. These deposit and loan figures are written into a budget. Thus management and the manager know what's expected of him.

"We had a cost accounting system which attempted to locate and measure the effectiveness of our various profit centers. The real estate department, for instance, was given

credit for loan commissions, interest collected and the other usual sources of income. Conversely, the manager was charged with salaries, light, heat, etc., as well as a cost for money invested in real property loans. At the bottom of his sheet was listed the net effect of his operation.

Earnings Now Included

"We have made a simple but important change in this report. Included in the income for each division is an earnings figure for the deposits the manager controls. As he builds deposits, the earnings his division produces are affected. The more effective he becomes in producing earnings, the greater his salary must be.

"The net objective of this plan is to convert men from loan officers to general bankers; management thus produces men interested in deposits, loans and operating efficiency. The division manager actually embraces the kind of responsibility held by the president. Thus the chief officer is backed up by men who have a greater awareness of his problems—producing the highest possible income within the limits of safety and service to the community and the customers."

Mr. O'Toole feels that the plan (it was reported at a Financial Public Relations Association meeting) will, when merchandised to senior officers, produce a climate which encourages good teamwork.

"I believe," he says, "the most important element in teamwork is effective communication. On the senior level, management must make certain, by way of budget or other specific statement, that the division head understands precisely what is expected of him. The manager must review the goals with his associates, and must remind himself continually of the necessity for training a successor. After all, unless he can point out his successor to management, often he can't accept a promotion."

Successor training, in Mr. O'Toole's opinion, is "the greatest spur to proper and effective communication."

at building salesmindedness. . . . The Investment Bankers Association of America has a new film, too. "The Richest Man in Babylon" is a limited animation sound movie, in full color, telling a financial success story.

MAPS. Valley National Bank is making limited distribution of metropolitan area maps of Phoenix and Tucson, Arizona.

JAPAN. The First National City Bank of New York has an attractive booklet, "Japan," it's a study of the country's economic recovery.

427th ELECTRONICS INSTALLATION

by **LeFebure**

TRUST COMPANY OF GEORGIA

MEMBER FEDERAL RESERVE SYSTEM

ATLANTA 2, GA.

September 25, 1958

STEVE H. BOMAR
SENIOR VICE PRESIDENT & TREASURER

LeFebure Corporation
Cedar Rapids
Iowa

Gentlemen:

The introduction of electronic bookkeeping to our bank gave us an opportunity to revise our procedures. Internal efficiency and economy, coupled with improved service to our customers, were our goals.

Henry C. Bacarisse, your representative in this area, gave us valued assistance and advice. We selected the LeFebure ARANS account numbering system because we felt that your system, and the concomitant equipment, gave us what we needed: accuracy, ease of use, provision for future expansion, and speed. The number is assigned to a new account as it is being opened; this impresses the new depositor with the importance of his own number.

We also installed your central housing for ledger sheets. Each bookkeeper withdraws only a limited number of sheets at a time. Telephone inquiries are all channelled to the supervisor, freeing the bookkeeper from a constant source of interruptions and possible error. The central housing also keeps ledger sheets available for reference by the Credit Department and others, again without disturbing the bookkeeper.

LeFebure equipment is not new to us and our present experience has been quite as satisfactory as our past experience. The ARANS System, we find, enables us to maintain approximate alphabetical sequence, with an efficient cross-reference for numbering of items which arrive unnumbered.

We already have our first Burroughs Electronic dual printing machines in operation. The entire installation is working smoothly.

Very truly yours,

Steve H. Bomar
Steve H. Bomar

At Trust Company of Georgia in Atlanta, LeFebure has its 427th electronics installation — complete from account numbering to bookkeeping equipment. In designing this installation, LeFebure carefully considered all other operations in the bank. No phase, regardless of how small, was ignored or overlooked in custom-planning to fit the specific needs of this bank.

LeFebure has the experience, equipment, the men and materials to help you go FROM HERE TO ELECTRONICS with operational benefits all along the way. You'll be amazed at the advantages — even before machine installation.



STEVE H. BOMAR,
Senior Vice President and
Treasurer of the Trust
Company of Georgia, is
immediate Past President
of the National Association
of Bank Auditors and
Comptrollers.



In the bookkeeping department the accounts are divided into sections using two or three machines each. Sections are individually supervised and self-sufficient, each with its own Addressograph imprinter and plate file, central ledger file, supervisor's table with telephone, and two or three posting stations.



The master card file is maintained in the bookkeeping department. Accounts are arranged in numeric sequence, with alphabetic reference provided by LeFebure Scan-Dex feature on the pull-up type cards. For complete report on Trust Company of Georgia installation, ask your LeFebure representative.

ELECTRONICS STORY PRESENTATION — an exclusive LeFebure service, available from no other source. Available in both flipchart and 35mm slides. Write for personal demonstration by LeFebure representative. If for bank organization meeting, indicate approximately how many persons will be in attendance.

LeFebure

CORPORATION • CEDAR RAPIDS, IOWA

Representatives in Most Principal Cities

Bank Equipment Headquarters



A special committee of the Country Bank Operations Commission meeting to put the finishing touches on "DO's and DON'Ts for Bank Bookkeepers and Proof Clerks." Clockwise around table, Carmine J. Capozzola, Legal Department, A.B.A.; Charles E. Betts, Jr., secretary of CBOC; Betty Edgehill, CBOC staff; George R. Amy, deputy manager, A.B.A., in charge of CBOC; L. M. Schwartz, president, Citizens State Bank, Paola, Kans.; T. G. Wilson, president, First State Bank, Conway, Ark.; L. G. Sadler, president, Citizens Bank, Cookeville, Tenn.; and Denton A. Fuller, president, Citizens National Bank, Wellsville, N. Y.

News for Country Bankers

This department is edited by
MARY B. LEACH of BANKING's staff.

New DO's and DON'Ts Study for Bookkeepers, Clerks

THE Country Bank Operations Commission of the American Bankers Association has just released to all member banks a new booklet entitled "DO's and DON'Ts for Bank Bookkeepers and Proof Clerks." This study was developed especially for employees of smaller banks and is designed to help eliminate errors and mistakes in judgment due to a lack of understanding of the proper procedures to follow in servicing accounts. The new study, which is illustrated with green "DO's" and red "DON'Ts" can be used as a handy reference guide and training aid for employees who are engaged in the processing work.

The booklet contains various sections covering Proof and Transit, Bookkeeping, Customer and Employee Relations, Facts You Should Know, Types of Accounts, Types of Checks and Other Items, and Definition of Banking Terms. The over-

lapping of duties in smaller banks requires that each employee be a Jack-of-all-trades. Therefore, no attempt has been made in the text to segregate individual duties as they relate to the bookkeeping and proof and transit functions. It recognizes that, regardless of current positions, employees can be more valuable if they understand all jobs and can fill in when and where necessary.

The booklet cautions in the Introduction that "nothing in it should take the place of banking laws and regulations, nor should it be regarded as a substitute for the advice of bank counsel." Likewise, where practices recommended differ from those in use in the individual bank, these differences should be discussed with employees. Space is provided at the end of each section so that notations of these differences can be made.

The new booklet, which was prepared by country bankers, is a companion to "Bank Tellers' DO's and DON'Ts" which was published in 1952. To date over 51,000 copies of the tellers' study, which is now in the fourth printing, have been distributed to member banks.

Although one copy of "DO's and

DON'Ts for Bank Bookkeepers and Proof Clerks" has been mailed to each A.B.A. member, the Commission feels that many member banks will want to acquire additional copies for each officer and employee, especially for bookkeepers and proof clerks and those who supervise these activities. A.B.A. members can obtain additional copies at \$1 each from the Department of Printing, American Bankers Association, 12 East 36th Street, New York 16, N. Y.

Card Index Key to Service

THE Northwestern Bank of Lewis town, Mont., keeps a systematic card index of its farm customers in an effort to give them more and better service.

"In working with farm customers," reports Agricultural Representative Gale S. Dorn, "I have developed a card system that classifies farmers into three groups. These groups are farm borrowers, depositors, and prospects.

"The cards on borrowers include vital information, such as total number of acres, crop acres, number of livestock, and a notation on loans.

(CONTINUED ON PAGE 84)



"We help Clinton County farmers get more from their grain through our grinding and mixing service," Purina Dealer Russell J. Stephenson (left) explains to Banker Blickenstaff as they look at a painting on the Bank's wall.

"OUR PURINA DEALER HAS BEEN A GOOD TEAMMATE OF OUR BANK FOR 30 YEARS"

—says *E. M. Blickenstaff, Executive Vice-President,
Clinton County Bank & Trust Company, Frankfort, Ind.*

"We believe that our teamwork with our Purina Dealer, Stephenson Grain Elevators, has been a great benefit to everyone in Clinton County," says Mr. Blickenstaff.

"Stephenson Grain Elevators, in Rossville and Sedalia, provides grinding and mixing service to farmers of this foremost agricultural county. In addition, the concern offers farm folks Purina Programs that help them get better results and make money.

"Such contributions to rural prosperity also help folks in town. It means more sales and employment for our retailers and other busi-

nesses and that, in turn, increases the business of our Bank.

"Stephenson Grain Elevators is one of our largest agricultural customers. New customers, introduced to our Bank by the dealer, have added to our volume. We have found our Purina Dealer a good teammate for more than 30 years."

* * * * *

Clinton County Bank & Trust Company, founded in 1891, has headquarters in Frankfort and branches in Scircleville, Rossville and Colfax. The Purina Dealership borrows from the Bank for operating capital when needed and discounts notes accepted from livestock men in the county.



PURINA . . . YOUR PARTNER IN SERVING ANIMAL AGRICULTURE



(CONTINUED FROM PAGE 82)

savings, checking accounts, and so on. Also included on this card is a small place for comments where pertinent information may be recorded. Each time I make a field visit to the farm, I also record it on the card. By using this system, I am able to have an orderly method of making necessary periodic inspections and other types of farm visits."

The cards for checking account customers "are used primarily to tell us the location of the farm and the approximate size of his average deposit," said Mr. Dorn. "I have tried to integrate my field work to include visits to borrowers, good account customers, and prospects," he added. "I also have my territory broken down into five general travel areas, and this is an important factor, because our territory covers about a 60-mile radius."

Northwestern Bank's customer relations program also includes (1) a monthly farm report—"a 1-sheet report covering such things as market outlook and livestock and farm management tips"; (2) support of worthy farm programs and organizations, such as the 4-H Club, FFA, and Farm Bureau; (3) pictures by Mr. Dorn of customers' livestock; he sends prints to customers and keeps copies for his own file; (4) Mr. Dorn's work as cochairman of the State Junior Chamber of Commerce's Outstanding Young Farmer Awards Committee; and (5) the develop-

Harry W. Schaller, chairman, Agricultural Commission, A.B.A., and president, Citizens First National Bank, Storm Lake, Iowa, is shown presiding at the Seventh National Agricultural Conference in Omaha, sponsored by the Commission. At right, Frederick L. Deming, president, Federal Reserve Bank, Minneapolis



Panel on "Providing a Full Credit Service for Agriculture" at the Agricultural Conference. Left to right, Harold W. Anway, second vice-president for farm mortgages, The Mutual Life Insurance Company of New York; Douglas F. Graves, assistant vice-president, Chicago National Bank; Otto Kotoue, Jr., president, Home State Bank, Humboldt, Nebr., moderator; Frank P. Powers, president, Kanabec State Bank, Mora, Minn.; and T. P. Axton, president, Lafayette (Ind.) Savings Bank

ment of interesting bank ads patterned especially for farm customers and prospects.

Effect of Monetary Policy on Agriculture

"I FEEL that we have to strive for attainment of three economic goals—growth, high employment, and price stability—or we have little chance of attaining any of them," said Frederick L. Deming, president of the Federal Reserve Bank of Minneapolis, in a discussion of "Monetary Policy As It Affects Agriculture," at the A.B.A.'s National Agricultural Credit Conference.

Continuing, he said: "In essence they are inseparable. Unless we can employ our human and material resources at a high level, we experience economic waste and consequently retard the optimum rate of economic growth. Unless we maintain reasonable price stability, we create conditions that lead to overfull employment of resources, or to inefficient use of those resources, or both, and consequently to painful readjustments. This is a wasteful process and retards economic growth. Finally, to go right around the circle, unless we have economic growth we cannot employ fully the human and material resources that we have available. Thus, we not only can have growth, full employment, and price stability, but we must have them all. This point is as important to agriculture as it is to the nation as a whole. Unless these goals are

attained nationally the prospects for agricultural prosperity are dimmed.

"Agriculture has a great interest in over-all economic policy, and in the part monetary policy plays in helping promote economic growth and high employment. I have called that interest general because it does not touch costs quite as directly as does the objective of stable values. That does not mean that it is of lesser importance, however; market conditions for farm products are of keen specific importance to farmers."

Outlook Good for 1959 Cash Receipts from Marketing

IN a discussion of "Agricultural Outlook for 1959" at the National Agricultural Credit Conference of the A.B.A., O. V. Wells, administrator of the Agricultural Marketing Service, USDA, forecast that cash receipts from farm marketing should be well maintained in 1959 as compared with 1958.

"Somewhat lower receipts for hogs and wheat are likely to be offset by larger receipts from other commodities," said Mr. Wells. "However, soil bank payments to farmers will be substantially reduced with elimination of the Acreage Reserve Program, which this year accounted for \$700-million cash payments," he added.

"Some part of this reduction," Mr. Wells said, "will be offset by expansion of the Conservation Reserve (CONTINUED ON PAGE 86)

New Issues • 1958

Purchased and Offered by Halsey, Stuart & Co. Inc. alone or with associates*

Amount of Issue	Tax-Exempt	Amount of Issue	Corporate	Underwriting Interest
\$ 24,225,000	BALTIMORE, MD.† Var. Rates Bonds, Due 1961-82	\$ 30,000,000	BALTIMORE GAS AND ELECTRIC COMPANY First Ref. Mtge. Bonds, 4% Series due 1993	\$ 3,550,000
15,840,000	BERGEN COUNTY SEWER AUTH., N. J.† Var. Rates Bonds, Due 1961-97	20,000,000	CAROLINA POWER & LIGHT COMPANY First Mtge. Bonds, 4½% Series due 1988	4,200,000
10,000,000	BOSTON, MASS. (2 issues) .88% & 1.65% Notes, Due 1958	18,000,000	CENTRAL HUDSON GAS & ELECTRIC CORPORATION First Mortgage Bonds, 4½% Series due 1988	4,200,000
45,000,000	CHICAGO, ILL.† (2 issues) Var. Rates Bonds & Water Rev. Cfs., Due 1960-83	12,000,000	CENTRAL ILLINOIS LIGHT COMPANY First Mortgage Bonds, 4% Series due 1988	3,850,000
39,000,000	CHICAGO BOARD OF EDUCATION, ILL. 2% & 1.70% Tax Warrants, Due 1959	30,000,000	THE COLUMBIA GAS SYSTEM, INC. 4½% Debentures, Due 1983	4,000,000
15,300,000	CLEVELAND, OHIO† 2½% & 2¾% Bonds, Due 1959-83	50,000,000	CONSOLIDATED EDISON COMPANY OF NEW YORK, INC. First & Ref. Mtge. Bonds, 4% due 1988	7,950,000
9,000,000	CONSUMERS PUBLIC POWER DISTRICT, NEBR.† Var. Rates Rev. Bonds, due 1962-92	40,000,000	CONSUMERS POWER COMPANY First Mtge. Bonds, 4½% Series due 1988	11,050,000
25,000,000	COOK COUNTY, ILL.† ¾% Bonds, Due 1959-68	11,700,000	GREAT NORTHERN RAILWAY EQUIPMENT TRUSTS OF 1958, 3½%, 4% & 4½% Certificates, Due 1958-73	6,000,000
14,500,000	DADE COUNTY, FLA.† Var. Rates Spec. Cfs., Due 1958-72	10,000,000	IOWA PUBLIC SERVICE COMPANY First Mortgage Bonds, 4½% Series due 1988	5,450,000
32,750,000	DENVER, COLO., CITY & COUNTY OF† Var. Rates Bonds, Due 1969-97 (2 issues)	14,730,000	LOUISVILLE AND NASHVILLE RAILROAD EQUIPMENT TRUSTS, 3½% & 3¾% Certificates, Due 1959-73	4,980,000
32,185,000	DETROIT, MICH.† (3 issues) Var. Rates Bonds & Rev. Bonds, Due 1960-83	11,000,000	MADISON GAS AND ELECTRIC COMPANY 4½% First Mtge. Bonds, 1988 Series	5,150,000
22,500,000	EAST BATON ROUGE PARISH S/D No. 1, LA.† Var. Rates Bonds, Due 1960-79	20,000,000	MERRIMACK-ESSEX ELECTRIC COMPANY First Mtge. Bonds, 4½%, due 1988	7,600,000
21,000,000	GEORGIA RURAL ROADS AUTHORITY† Var. Rates Bonds, Due 1960-79	15,000,000	MISSISSIPPI POWER & LIGHT COMPANY First Mtge. Bonds, 4½% Series due 1988	7,100,000
10,000,000	GREENSBORO, N. C.† Var. Rates Bonds, Due 1959-83	35,000,000	MONTREAL, THE CITY OF (CANADA)† Var. Rates Debs. Due 1959-65 & 1978	2,555,000
7,150,000	HARRISBURG SEWERAGE AUTH., PA.† Var. Rates Rev. Bonds, Due 1961-83	13,500,000	MONTREAL TRANSPORTATION COMMISSION† 4½% S.F. Debentures, Due 1978	1,130,000
12,500,000	HAWAII, TERRITORY OF† Var. Rates Rev. Bonds, Due 1960-88	65,000,000	NATURAL GAS PIPELINE COMPANY OF AMERICA† 4½% Debs. & 4½% First Mtge. Pipeline Bonds, due 1978	5,167,000
64,000,000	ILLINOIS STATE TOLL HIGHWAY COMMISSION† 4½% Rev. Bonds, Due 1998	10,000,000	NEW ENGLAND POWER COMPANY First Mtge. Bonds, 4%, due 1988	3,550,000
35,000,000	KENTUCKY, COMMONWEALTH OF† 3% Bonds, Due 1973-86	45,000,000	NEW ENGLAND TELEPHONE AND TELEGRAPH COMPANY 35 Year 4% Debentures, Due 1993	4,350,000
35,400,000	LOS ANGELES, CALIF.† (2 issues) Var. Rates Bonds, Due 1959-88	30,000,000	NEW JERSEY BELL TELEPHONE COMPANY 35 Year 3¾% Debentures, Due 1993	6,250,000
7,500,000	LOUISIANA, STATE OF† Var. Rates Spec. Tax Bonds, Due 1963-93	10,000,000	ORANGE AND ROCKLAND UTILITIES, INC. First Mtge. 4½% Bonds, due 1988	5,100,000
25,000,000	MARYLAND STATE ROADS COMMISSION† Var. Rates Rev. Bonds, Due 1959-73	140,000,000	PACIFIC GAS AND ELECTRIC COMPANY† First & Ref. Mtge. Bonds, 3¾% & 4½%, due 1978 & 1990	9,525,000
157,877,000	MASSACHUSETTS, COMMONWEALTH OF† Var. Rates Bonds, Due 1959-98 (2 issues)	80,000,000	PACIFIC TELEPHONE AND TELEGRAPH COMPANY 32 Year 4½% Debentures, Due 1990	17,850,000
18,000,000	METROPOLITAN WATER DISTRICT OF SO. CALIF.† 3.10% Bonds, Due 1959-70	350,000,000	SEARS, ROEBUCK AND CO.† 4½% Sinking Fund Debentures, due 1983	16,791,000
10,000,000	MEMPHIS, TENN.† Var. Rates Rev. Bonds, Due 1960-88	70,000,000	SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY 35 Year 4½% Debentures, Due 1993	17,750,000
14,500,000	MIAMI, FLA.† (2 issues) Var. Rates Bonds & Rev. Bonds, Due 1960-88	50,000,000	SOUTHERN CALIFORNIA EDISON COMPANY First & Ref. Mtge. Bonds, 4½%, Due 1983	7,350,000
100,000,000	MICHIGAN, STATE OF† Var. Rates Spec. Tax Rev. Bonds, Due 1959-82	15,000,000	SOUTHERN COUNTIES GAS COMPANY OF CALIFORNIA First Mtge. Bonds, due 1983 (4%)	4,150,000
27,800,000	MILWAUKEE, WIS. (2 issues)† Var. Rates Bonds & Water Rev. Bonds, Due 1959-86	30,000,000	SOUTHERN NATURAL GAS COMPANY 4½% Sinking Fund Debentures, Due 1978	3,100,000
14,998,000	NEWARK, N. J.† 3.10% Bonds, Due 1959-78	40,000,000	SYLVANIA ELECTRIC PRODUCTS INC.† Debentures, 4½% & 4½% Due 1980 & 1983	4,370,000
28,367,000	NEW HAMPSHIRE, STATE OF† 2.60% Bonds, Due 1959-86	80,000,000	TENNESSEE GAS TRANSMISSION COMPANY† 5% Debs. due 1978 & 5½% First Mtge. Bonds due 1979	4,335,000
58,274,814	NEW YORK SCHOOL DISTRICTS Var. Rates Bonds, Due 1958-88 (21 issues)	10,000,000	TEXAS ELECTRIC SERVICE COMPANY First Mtge. Bonds, 4½% Series due 1988	6,400,000
63,000,000	OHIO, STATE OF† (2 issues) Var. Rates Spec. Tax Rev. Bonds, Due 1958-72	12,000,000	THE VIRGINIAN RAILWAY COMPANY First Lien & Ref. Mtge. Bonds, 4%, Due 1983	2,800,000
20,000,000	OREGON, STATE OF† Var. Rates Bonds, Due 1963-72	25,000,000	ADDITIONAL PUBLIC UTILITY BONDS (4 issues)	12,800,000
31,930,000	PHILADELPHIA, PA.† Var. Rates Bonds, Due 1959-88	34,005,000	ADDITIONAL EQUIPMENT TRUST CERTIFICATES— (8 issues)	14,805,000
12,000,000	PHILADELPHIA SCHOOL DIST., PA.† Var. Rates Bonds, Due 1960-83	Descriptive circulars or prospectuses, where available, and current quotations will be supplied for any of these securities upon request.		
40,000,000	PORT OF NEW YORK AUTHORITY† Var. Rates Rev. Bonds, Due 1959-78	*To December 10, 1958 † Issue headed jointly by Halsey, Stuart & Co. Inc. and others. All other issues were headed by Halsey, Stuart & Co. Inc. alone. Not included in these compilations are issues in which Halsey, Stuart & Co. Inc. participated only as a member of an account.		
8,000,000	SOUTH CAROLINA, STATE OF† 2.30% Bonds, Due 1959-74	Send For Year-End Bond Survey and Helpful Tax Chart Concise survey of 1958 bond market and outlook for 1959, and tax chart to help you determine the value of tax exemption in your income bracket. Write without obligation for folders KC-1.		
12,800,000	SPRINGFIELD, ILL.† (2 issues) Var. Rates Rev. Bonds, Due 1960-97			
8,487,000	SPRINGFIELD, MO. Var. Rates Rev. Bonds, Due 1962-86			
18,000,000	STATE PUBLIC SCHOOL BLDG. AUTH., PA.† Var. Rates Bonds, Due 1959-94			
10,875,000	ST. LOUIS COUNTY, MO.† Var. Rates Bonds, Due 1959-78	HALSEY, STUART & CO. INC. 123 S. LASALLE STREET, CHICAGO 90 • 35 WALL STREET, NEW YORK 5 AND OTHER PRINCIPAL CITIES		
8,400,000	TAMPA, FLA.† Spec. Tax Bonds, Due 1959-87			
10,076,000	TEXAS, UNIV. AND A & M. COLLEGE Var. Rates Bonds, Due 1959-78			
12,075,000	WAYNE & MACOMB COUNTIES, MICH.† Var. Rates Spec. Tax Drain Bonds, Due 1959-88			
237,242,930	ADDITIONAL TAX-EXEMPT BONDS— (126 issues)			

(CONTINUED FROM PAGE 84)

Program. Further, increasing interest, tax, wage, and other costs will likely bring some increase in farm production expenses next year. Thus, some reduction in aggregate or total realized net income to farm operators from farming appears to be in prospect, although indications now are that many farmers will fare about as well in 1959 as has been the case in 1958."

World Plowing Contest Fosters Farmer Relations

THE World Plowing Contest, held in 1958 in Stuttgart, Germany, and attended by some 75,000 people, has as its goal the bettering of international understanding at the farm level. It offers a medium of the exchange of ideas and farming methods among the peoples of various countries who are actually doing the farming.

The competitors include the 2-member plowing teams who win national contests in member countries. The contestants bring their own plows, resulting in keen interest on the part of contestants and observers in the types of equipment used in the various countries. Contestants must exemplify a high degree of skill.

The World Plowing Organization had its origin in England and now has about 18 members, of which the U.S.A. is one. The 1957 contest was held near Cincinnati, Ohio. It is supported by voluntary contributions.

Sir Richard Haddon is chairman of the Organization and Alfred Hall, 41 Washington St., Workington, Cumberland, England, is the general secretary. Claire Giannini Hoffman, director and member of the execu-

tive committee, Bank of America, San Francisco, is a member of WPO's advisory council. She attended this year's contest in Stuttgart en route to the annual meeting of the International Bank for Reconstruction and Development in New Delhi, India.

A.B.A. Film Works for International Relations

THE A.B.A.'s new film, *Banking on Farmers*, donated by the Association's Public Relations Council to the International Cooperation Administration for use in its work abroad, was shown at the Agricultural Credit Workshop in Tokyo, Japan. This film is available to A.B.A. member banks for purchase or rental.

About 60 delegates from seven Far Eastern countries participated in the workshop. F. L. Kerr, ICA Agricultural Credit Specialist, expresses the Administration's thanks to the A.B.A. and member banks for their cooperation in its international program in this wise:

"Please accept the thanks of the International Cooperation not only for making this excellent film available for use in overseas countries, but also for the invaluable assistance which the American Bankers Association and many individual banks have so generously given particularly in the credit training program."

Dairy Recordkeeping Plan

A CAMPAIGN to encourage farmers to enroll in an organized program for keeping dairy production records will be conducted in all states beginning in January. Bank-



"My husband didn't think of this when he bought me a car of my own"

ers, who are well aware of the value of these records for analyzing and improving dairy farm operations, have been invited to take an active part in the campaign.

The U. S. Department of Agriculture is cooperating in the campaign with State Agricultural Extension Services, other Federal agencies, and private organizations. Bankers are urged to work closely with their county agricultural extension agent, who can provide information about recordkeeping.

Although organized systems of recordkeeping have been available to U. S. dairy farmers since the early 1900s, only 10% of the country's dairy cows are presently enrolled in recordkeeping plans of the USDA's National Cooperative Dairy Herd Improvement Association program.

In 1957, the average production for all cows milked in the United States was 6,162 pounds of milk and 235 pounds of butterfat, while cows on DHIA standard records averaged 9,894 pounds of milk and 389 pounds of butterfat.

Three recordkeeping plans are available to farmers through the National Cooperative Dairy Herd Improvement Association program. They are the standard DHIA plan, the Owner-Sampler plan, and the Weigh-a-Day-a-Month plan. Each plan is designed to give dairy farmers basic information necessary for efficient feeding, culling, and breeding of dairy herds. Costs of the plans range from about 40 cents per cow per month for the standard DHIA plan to about 5 cents per cow per month for the Weigh-a-Day-a-Month plan.

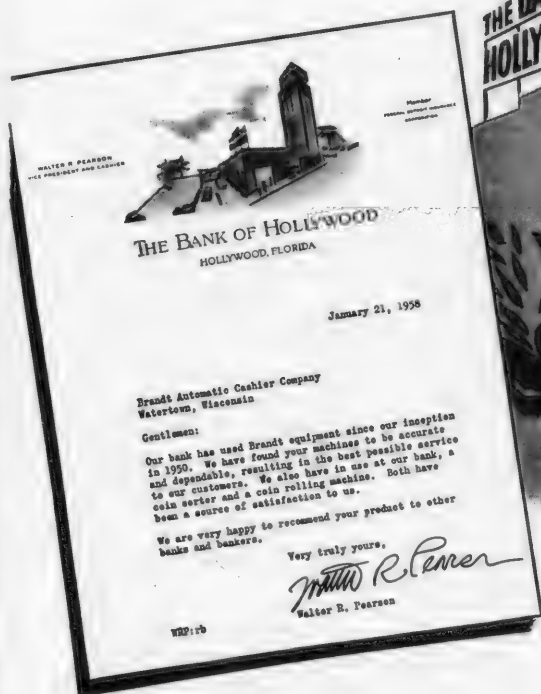
A.B.A.'s film, *Banking on Farmers*, was shown in Tokyo under auspices of ICA to this group of delegates from seven Far Eastern countries



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How to Attract Capital to Farming

"Bankers serving rural areas have a great opportunity to strengthen agriculture and help it attract capital funds."

LAWRENCE E. KREIDER

DR. KREIDER, an agricultural economist, is assistant secretary of the Agricultural Commission of the American Bankers Association.

FARMING and ranching is a \$200-billion industry in the United States. Capital per worker averages well over \$30,000—nearly twice the average for nonfarm workers. Credit helps efficient farmers assemble this much-needed capital.

In obtaining credit, farmers (and ranchers) compete with other businessmen and among themselves for limited funds. Sometimes this competition is subtle or unknown. Sometimes it is obvious. In either case, one point is clear—policies which help draw additional capital or lendable funds to agriculture are in the best interests of farm and ranch customers and the respective rural communities banks serve.

Credit to Most Productive Uses

How can and how do bankers help farmers bid more successfully for limited funds? Perhaps the most important single concept is to help the most promising farm businessmen develop efficient, profitable farm units which can use capital funds most effectively. There is a subtle economic force which ultimately and persistently tends to send lendable funds to the most productive, highest return investments. Happily, this inescapable tendency, albeit imperfect, is in the best interest of our society and economy.

The implications of this unwritten law to the banking industry are clear. Progressive bankers should adopt policies which, simply stated, direct funds where they will do the most good for all people. This in turn will help a bank's trade area attract more capital funds as needed.

Interest Rates Affect Flow of Credit to Farmers

Bankers serving rural areas can permit and encourage an interest rate structure which will tend to draw lendable funds to farmers. This doesn't mean lenders should raise the rate to an extremely high level. But it does suggest that the do-gooders who propose to help farmers and ranchers with artificially low rates likely hurt agriculture by putting into play the insidious effects of bad money driving out good. Of even greater consequence, the good money driven out tends to be much greater in magnitude than the artificially subsidized money which drives it out. In a recent United States Department of Agriculture publication, the author concluded that artificially low interest rates were not necessarily helpful to farmers, because they tend to keep capital out and excess farmers in.

Cooperation with Insurance Companies

By working closely with insurance companies, banks can help bring adequate capital to farmers. Insurance companies and banks have a special responsibility. They serve agriculture with more real-estate-secured and non-real-estate credit, respectively, than any other agencies! Insurance company financial structures are highly compatible with real-estate-secured credit needs of farmers and ranchers.

Insurance company farm credit services represent a *net* movement of capital funds from financial centers to farms and ranches. Funds which flow from insurance companies to agriculture are offset only partly by farmers' policy premium payments which flow to insurance companies. Of more importance, insur-

ance companies help get money from farm and nonfarm savers who have excess funds to farmers who need and can use capital effectively. To a lesser extent, city banks perform essentially the same service through correspondent relations with banks serving rural areas.

Farm Sales Contracts

Sales contracts, a rapidly growing financial development, have matured as a farm capital and credit instrument. They now account for nearly one-third of all credit-financed farm transfers.

By the use of sales contracts, abrupt outflows of capital funds from agriculture can be reduced. With conventional types of real estate financing, a seller or an estate typically receives cash. A large proportion is immediately invested or spent outside agriculture. The buyer, then, must draw additional capital funds into agriculture. As a consequence of this instantaneous, sharp withdrawal of capital from agriculture, the capital structures of farms are violently disturbed.

However, in the case of sales contracts, the seller provides a high proportion of the needed capital. This keeps the capital assets within the rural area and eliminates the necessity of immediately drawing additional investment funds into agriculture. Repayments to the seller are gradual and tend more to be treated as income which in many cases is spent in the rural area.

Apparently sales contract financing is destined to increase further. The development is compatible with and complementary to the structure of the banking industry. In many cases, long-term sales contracts and intermediate—and short—term bank

(CONTINUED ON PAGE 91)



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Chairman and President

K. M. SEDGEWICK

General Manager

A. F. MAYNE

Associate General Manager
(non-domestic business)

Condensed Annual Statement as on 30th November, 1958

ASSETS

Cash on hand and due from banks (including items in transit) ..	\$ 622,387,348
Government of Canada and provincial government securities, at amortized value	1,047,891,802
Other securities, not exceeding market value	564,178,106
Call loans, fully secured	194,309,754
Total quick assets	\$2,428,767,010
Other loans and discounts	1,309,954,970
Mortgages and hypothecs insured under N.H.A. (1954)	264,816,709
Bank premises	37,915,590
Liabilities of customers under acceptances, guarantees and letters of credit	79,704,313
Other assets	12,400,433
	<u>\$4,133,559,025</u>

LIABILITIES

Deposits	\$3,782,068,763
Acceptances, guarantees and letters of credit	79,704,313
Other liabilities	22,040,929
Total liabilities to the public	\$3,883,814,005
Capital:	
Authorized—10,000,000 shares of \$10 each	\$100,000,000
Paid up—6,032,932 shares—issued and fully paid. \$	60,329,320
—payments received on account of 15,068 shares not yet issued	92,628
	\$ 60,421,948
Rest Account	188,760,357
Undivided profits	562,715
	249,745,020
	<u>\$4,133,559,025</u>

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(CONTINUED FROM PAGE 88)
farm credit have successfully supplemented one another.

Tight Money and Lower Income Present a Challenge

A period of relatively tight money characterized by increased competition for lendable funds plus declining farm income has been predicted. Both will make it more difficult for agriculture to compete for investment funds.

A dual challenge faces the banking industry. The first is the short run, likely recurring difficulty of obtain-

ing agricultural credit during a period of tight money and reduced income. To meet this challenge, bankers will want to keep all avenues open—realistic interest rates, insurance company and correspondent relations, and sales contract consulting.

The second challenge is to maintain continuous efforts to help place agriculture on a sounder, more sustainable, higher profit basis. To the extent banks can contribute to this goal, farmers will be able to compete more successfully for capital funds in the long run and temporarily

during periods of monetary restraint or income reductions.

Reflecting limited savings which must supply great demands for capital funds in a growing economy, it is uncomfortably evident that agricultural credit locally or nationally cannot long be isolated from the national non-agricultural capital and credit picture. Farmers do compete with other businessmen in the capital market.

Bankers serving rural areas have a great opportunity to strengthen agriculture and help it attract capital funds.

State Supervisors Appoint New Advisory Council

William A. Burkett, president of the National Association of Supervisors of State Banks, has announced the appointment of a permanent Advisory Council and Membership and Legislation committees.

NASSB has established the Advisory Council to represent the 1,800 banks enroled in the association as associate members. Its function is to advise and counsel with the association's Executive Committee in the determination of policy.

Besides the Membership and Legislation Committees, other committees will be appointed from this council to work with counterparts of the Executive Committee.

Heading up the Membership Committee is K. Winslow, Jr., executive vice-president, Seattle (Wash.) Trust & Savings Bank. He will be assisted by F. W. Wrightson, president, Provident Savings Bank, Baltimore; George H. Stebbins, president, The Simsbury (Conn.) Bank and Trust Company; Donald Wiegel, president, The Springfield (Ohio) Savings Society; and Weldon U. Howell, president, Preston State Bank, Dallas.

Chairman of the Legislative Committee is William A. Lyon, president, Dry Dock Savings Bank, New York. Others on this committee include William E. Kuipers, president, Fair Lawn-Radburn Trust Company, Fair Lawn, N. J.; Harry M. Arthur, president, Arthur State Bank, Union, S. C.; K. O. Sattre, president, Blue Earth (Minn.) State Bank; and W. H. Ragsdale, president, Oregon Mutual Savings Bank, Portland.



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BANK LAW NEWS

Forged Endorsement—Safe Deposit Rental Agreement

FORGED ENDORSEMENT

Drawer's negligence in identifying payee by address as well as by name precludes recovery against drawee paying on a forged endorsement.

ORDINARILY, a drawee bank which pays a check upon the endorsement of a person of the same name as the payee, but who is not the true payee cannot charge the amount to the drawer's account because the endorsement is a forgery and confers no authority on the drawee to make payment.

There is an exception to this rule, well illustrated in a recent decision of the Maryland Court of Appeals.

The drawer had issued six checks, each setting forth on its face the name and address of the payee. The checks had been mailed to the named payee at the address indicated on them. They were endorsed and deposited by the addressee, paid by the drawee, and charged to the drawer's account.

The checks were intended for another firm of the same name, at a different address in the same city. The drawer had done business with both firms, but "through some unexplained error" the checks set forth the address of the payee not intended to receive the checks.

In its action against the drawee to recover the amount of the checks charged to its account, the drawer contended that because the endorsements were forged, the drawee's payment of the checks was wrongful.

In denying recovery to the drawer, the court stated that the drawee, in honoring the endorsements, was

complying with the directions on the face of the checks. The "payee was designated by address, and the address was that of the person who endorsed the checks and received the proceeds." Payment by the drawee to anyone other than the designated payee would have been "inconsistent and in conflict with the designation of the payee on the face of the checks."

The court concluded: "The facts before us, in our judgment, preclude the setting up of the forgery, because of the identification of the payee by address as well as by name." *Glenn L. Martin Co. v. Fidelity-Baltimore National Bank & Trust Co. (Md.) 145 Atl. (2d) 267.*

SAFE DEPOSIT RENTAL AGREEMENT

Mere lease of safe deposit box, under joint tenancy rental agreement, does not establish survivor's right to contents of box under Illinois statute.

AN Illinois statute provides for the abolishment of the right of survivorship as between joint tenants of personal property except where there is an instrument in writing expressing an intent to create a joint tenancy with right of survivorship. *Annotated Statutes (Smith-Hurd) Chap. 76, §2.*

In a recent case the Illinois Supreme Court held that a safe deposit box joint tenancy rental agreement, reciting that the contents were the joint property of the lessees and were to pass to the surviving lessee, was not an instrument in writing creating a right of survivorship to

the contents of the box within the meaning of the Illinois statute.

A husband and wife had held certain real property as joint tenants with rights of survivorship. The property was sold and the proceeds were immediately placed in their "jointly" rented safe deposit box. The lease agreement provided that all property in the box was the "joint property of both lessees and upon the death of either passes to the survivor." Upon the husband's death, the wife made claim to the proceeds. The court held that a right of survivorship to the proceeds had not been established.

The language of the rental agreement, said the court, indicated that it was intended to protect the lessor against claims arising out of unauthorized withdrawals by one of the lessees.

It did not, of itself, establish the lessees' rights to the contents of the box. Such a lease, said the court, is not an "instrument in writing expressing an intention to create a joint tenancy" as required by the statute. *Illinois Public Aid Commission v. Stille (Ill.) 153 N.E. (2d) 59.*

BAD CHECKS

Corporate officer issuing worthless check in name of corporation is guilty of violation of bad check statute.

MAY a corporate officer who issues a worthless check in the name of the corporation be held criminally liable under the bad check statutes?

In some states, the statutes indicate a clear intent to include a cor-

(CONTINUED ON PAGE 94)

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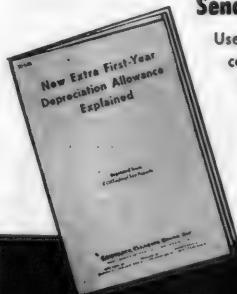
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(CONTINUED FROM PAGE 92)

porate officer issuing a worthless check on a corporation account. In the states in which the statutes do not specifically refer to checks drawn on behalf of corporations, there is a conflict of opinion as to whether a corporate officer can be held criminally liable.

The Delaware statute, Code Anno. (1953) Title 11, §555, provides that "whoever makes, draws, utters, or delivers" a worthless check is guilty of a violation of the statute. No reference is made to checks drawn on behalf of a corporation.

In a prosecution, under the statute, of a corporate officer, he contended that the statute did not apply because he had issued the worthless check in his official capacity as a corporate officer; that the corporation was the drawer; and that the statute did not include the officer who drew the check.

The Delaware Supreme Court brushed aside this contention as being unsound. The statute, said the court, was enacted in "furtherance of a public policy to punish a special sort of commercial fraud, whether the fraud be committed in an individual or official capacity. To construe it as defendant seeks to do would be to emasculate it. Corporations must act through human beings, and the human being who violates the law is responsible for his acts." *Clifton v. State* (Del.) 145 Atl. (2d) 392.

Branches. Drive-in tellers' windows located across alley from bank premises and connected to bank by tunnel and pneumatic tubes are not branch banks within the prohibition of Texas Anno. Civ. Stat. (Vernon) Art. 342-903. *Great Plains Life Ins. Co. v. First National Bank of Lubbock* (Tex. Civ. App.) 316 S.W. (2d) 98.

Holders in due course. Negotiation of check eight days after issuance is not so unreasonable a delay as to make check obviously stale; endorsee bank held to be holder in due course. *Home Savings Bank v. Bentley* (Wis.) 92 N.W. (2d) 377.

Guaranty of prior endorsements. In case of first impression in United States District Court of Maryland, court ruled that statute of limitations began to run against drawee

bank's right of action against prior endorsing banks, based on guaranty of endorsements, when drawee paid checks bearing forged endorsements. *United States v. Fidelity-Baltimore National Bank & Trust Co.* (Dist. Ct. Md.) 166 Fed. Supp. 1.

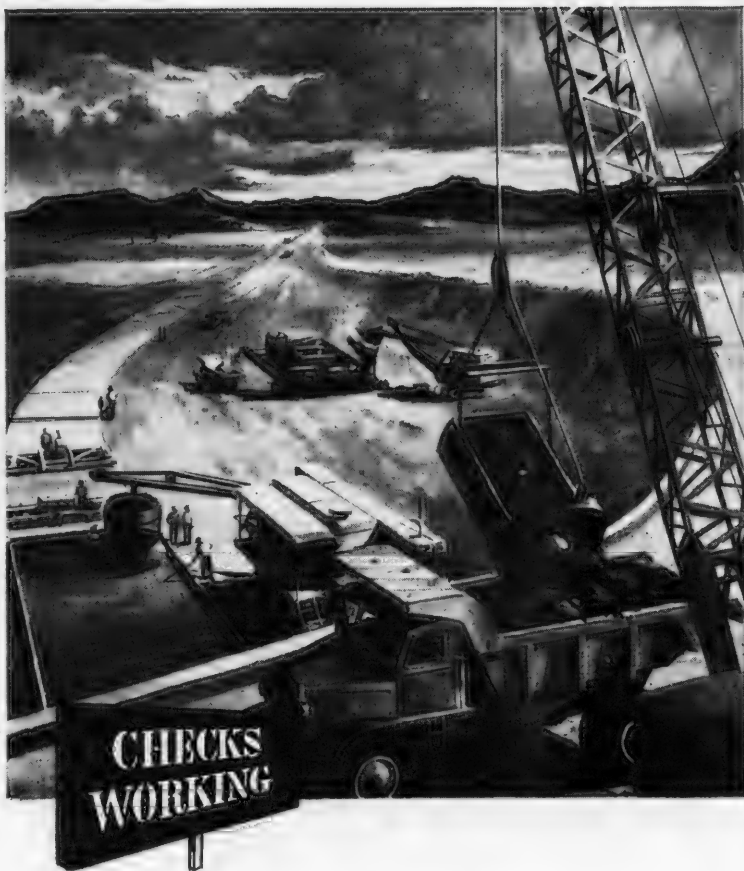
Chattel mortgages. Where Colorado mortgagor, without general authority to sell mortgaged personal property, was permitted by mortgagee bank, on two occasions, to sell and apply very small part of proceeds for payment of operational expenses necessary and proper to preserve mortgaged property, lien of mortgagee was not waived. *Exchange National Bank of Colorado Springs v. Hough* (C.A., Colo.) 258 Fed. (2d) 785.

Mortgages. Where husband and wife owned real property as joint tenants, execution of mortgage on the property by husband, without wife's consent or knowledge, did not terminate the joint tenancy, and mortgage lien ceased to exist when husband predeceased wife. *People v. Nogarr* (Cal. App.) 330 Pac. (2d) 858.

Books and records. Under 12 U.S.C. §604, national bank in New York, summoned by Internal Revenue Service to produce records, including those of a foreign branch, relating to account of a depositor under investigation, need only produce records located in New York. *Application of First National City Bank of New York* (Dist. Ct., N.Y.) 166 Fed. Supp. 21.

Joint tenancy. Where uncle executed joint tenancy agreements with niece transferring to himself and his niece, as "joint tenants with right of survivorship and not as tenants in common," shares of stock originally in his name, a valid joint tenancy was created although the transfers were not made through a "straw man." *Petri v. Rhein* (C.A., Ill.) 257 Fed. (2d) 268.

Checks. Acceptance by creditor of debtor's postdated checks, on which debtor later stopped payment, did not constitute payment of debt in absence of express agreement to that effect. *Credit Equipment Corporation v. Weston* (Mo. App.) 315 S.W. (2d) 439.



This year in the United States over 130,000 miles of roads will be built and improved . . . and at a capital expenditure of over 7-billion dollars! These projects will require vast quantities of material . . . a myriad of equipment . . . and the skills of thousands of men.

Before the roads become a reality, large numbers of checks will pass through many hands . . . checks drawn upon countless banks. And . . . a large proportion of these checks will be produced on La Monte Safety Paper, for it is used by the majority of leading banks . . . banks that play an active role in the financing of highway construction throughout the nation . . . banks that regularly select La Monte Safety Paper as the standard of quality and safety.



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A 419-Year-Old Modern Bank

MODERN banking started in Naples in the 12th century with the growth of Mediterranean commerce. Until the 15th century, it was conducted by merchant bankers, but later passed almost exclusively into the hands of philanthropic institutions which opened chartered banks. Having first taken over the lending of money against pledges, those institutions during the latter half of the 16th century gradually displaced the merchant banks in deposits, clearings, and loans. Thus, the Monte di Piet  of Naples entered the banking field in 1539 and became the direct ancestor of today's Banco di Napoli.

Others in Italy soon followed in its footsteps, issuing certificates of deposit which, with endorsements, became popular circulating notes. An interesting feature of the latter was that they bore notations of the transactions for which they were used as payment. As a result, Banco di Napoli's 30,000 old ledgers and 250,000 other volumes of archives, filling more than 300 rooms, constitute a mine of historical, economic, social, artistic and heraldic material covering more than four centuries.

The present-day Banco di Napoli, capitalized at 1,758,500,000 lire, from its head office controls 269 branches throughout Italy. There is an important branch in Buenos Aires, where there is a large Italian community, there are agencies in New York, London, Paris, and Zurich, and shipboard facilities on two Italian Line motor vessels. The latter facilities, serving all three classes of passengers, are not directly profitable, but are deemed important channels for developing the bank's business abroad.

At various times, the Banco di Napoli has been active in Italian overseas territories: Tripolitania and Cyrenaica, Eritrea, Ethiopia, Somaliland, Albania, Montenegro, and Corfu, serving the military and the colonists.

In the United States, as elsewhere, the bank is well known for its work among Italian emigrants,

Home office in
Naples of the
Banco di Napoli



handling remittances to the home country at favorable exchange rates either for payment to relatives or for crediting to the remitter's savings account with the bank in Italy. It also issues to emigrants abroad, postal savings books and ordinary postal interest-bearing bonds. By

Italian law, 1901, the handling of emigrant remittances was entrusted exclusively to the Banco di Napoli. An inspectorship was created in New York to arrange for banking correspondents for the forwarding of remittances.

HERBERT BRATTER

Equity Capital for Small Business

(CONTINUED FROM PAGE 45)

briefing session, it was pointed out that there are three advantageous tax provisions applicable to companies organized and operating under the Small Business Investment Act of 1958 which are contained in Public Law 85-866, the Technical Amendments Act of 1958. Under Section 57 of the Act:

(1) Such companies are allowed an ordinary loss deduction rather than a capital loss deduction on losses realized on convertible debentures.

(2) Taxpayers investing in the stock of the companies also are allowed an ordinary loss deduction on losses arising from such stock.

(3) The companies are allowed a deduction for 100% (rather than 85%) of the dividends received from a taxable domestic corporation.

In order to shed more light on the whole question of loans to small business, the Small Business Credit

Commission, American Bankers Association, is taking two steps.

First, a copy of A.B.A. testimony on the Small Business Investment Act, presented at hearings on the original proposal, is being sent to all banks requesting information on the subject.

Second, letters are being sent to a selected list of banks experienced in lending to small businesses, asking whether they intend to participate under the act and subsequent regulations. If they do intend to, they are asked why; if they do not intend to, why not? This letter is also being sent to members of the Small Business Credit Commission, the Credit Policy Commission, and the Instalment Credit Commission.

One encouraging aspect of the whole controversial problem, in the opinion of bankers, is that Administrator Barnes is insistent that his agency's program be developed only on sound principles.



THE CANADIAN BANK OF COMMERCE

HEAD OFFICE - TORONTO

CONDENSED STATEMENT AS AT OCTOBER 31, 1958

ASSETS

Cash Resources (including items in transit) \$	523,286,848
Government and Other Securities	1,076,772,950
Call Loans	174,652,458
Total Quick Assets	\$1,774,712,256
Loans and Discounts	1,011,767,250
Mortgages and Hypothecs insured under the N.H.A., 1954	140,215,347
Customers' Liability under Acceptances, Guarantees and Letters of Credit, as per contra	35,600,781
Bank Premises	32,309,183
Other Assets	22,187,545
Total Assets	<u>\$3,016,792,362</u>

LIABILITIES

Deposits	\$2,818,399,750
Acceptances, Guarantees and Letters of Credit	35,600,781
Other Liabilities	16,624,747
Shareholders' Equity	
Capital Paid Up	\$ 45,000,000
Rest Account	100,000,000
Undivided Profits	<u>1,167,084</u>
Total Liabilities	<u>\$3,016,792,362</u>

STATEMENT OF UNDIVIDED PROFITS

Year Ended October 31, 1958

Balance of profit for the year before provision for income taxes but after making transfers to inner re- serves out of which full provision has been made for diminution in value of investments and loans	\$20,162,347
Provision for income taxes	9,950,000
Balance available for distribution	\$10,212,347
Dividends	7,198,544
Amount carried forward	\$ 3,013,803
Balance of undivided profits October 31, 1957	2,153,281
	\$ 5,167,084
Transferred to Rest Account	4,000,000
Balance of undivided profits October 31, 1958	<u>\$ 1,167,084</u>

N. J. McKINNON
PRESIDENT

J. P. R. WADSWORTH
GENERAL MANAGER

BANKING NEWS

Program Is Announced for A.B.A.'s 11th National Credit Conference at LaSalle Hotel, Chicago, January 22-23

Developments of immediate importance affecting the nation's economy and long range trends which will influence bank credit policies during 1959 will be studied at the 11th National Credit Conference of the American Bankers Association to be held at the La Salle Hotel, Chicago, Thursday and Friday, January 22 and 23. The full program for the conference, on which will appear some of the nation's outstanding leaders in various credit fields, was announced by William F. Kelly, chairman of the Credit Policy Commission of the American Bankers Association, and president, First Pennsylvania Banking & Trust Company, Philadelphia.

Although the conference will occupy but two days, five sessions are planned, one being an evening panel presentation by the Robert Morris Associates to be held Thursday, January 22, at 7:30 P.M.

The National Credit Conference of the American Bankers Association annually attracts to Chicago approximately 1,000 top credit executives representing banks from all sections of the country.

Advance announcement of speakers, with pictures, was carried on page 99 of December BANKING. Session by session outline of speakers and topics follows:

First Session

Thursday, January 22, 10 A.M.

Chairman, Mr. Kelly.

"The Current Banking Situation" by Lee P. Miller, president, A.B.A.; pres-

ident, Citizens Fidelity Bank and Trust Company, Louisville.

Address by Charles H. Kellstadt, president, Sears, Roebuck and Company, Chicago.

Second Session

2 P.M.

Chairman, Carl A. Bimson, president, Valley National Bank, Phoenix.

Address by James A. Linen, publisher, Time Magazine, New York.

"The Banker and the Economic Challenges of the 1960s" by J. Cameron Thomson, chairman, Northwest Bancorporation, Minneapolis.

"Looking Down the Consumer Credit Road" by Maxwell C. King, president Pacific Finance Company, Los Angeles.

Third Session

7:30 P.M.

Chairman, Edward J. Frey, chairman, Instalment Credit Commission, A.B.A.; president, Union Bank of Michigan, Grand Rapids.

"How Legal Factors Should Affect Our Loan Policy"—panel moderated by Fred E. Pike, president, Robert Morris Associates; senior vice-president, Walker Bank and Trust Company, Salt Lake City. Panel members: Shaler Stidham, vice-president, Philadelphia National Bank; Stanley B. Trott, president, Maryland Trust Company, Baltimore; Christopher W. Wilson, vice-president and general counsel, The First National Bank of Chicago; and Robert J. Sevit, vice-president, Security-First National Bank, Los Angeles.

Fourth Session

Friday, January 23, 9:30 A.M.

Chairman, Everett D. Reese, chair-

State Bank Division Offers Revised Model By-Laws Book for Use of State Banks

Specimen By-Laws from 10 States, Other Pertinent Data Included

To meet a demand from newly organized state banks for model or suggested by-laws to be followed in drafting their by-laws and to aid in revamping the by-laws of existing state banks, the State Bank Division of the American Bankers Association has completely revised its 1953 model by-laws booklet. The new work endeavors to bring the guide into harmony with changing conditions.

In preparation for this work, by-law specimens were solicited from the state banking departments. The content of the booklet includes pertinent

(CONTINUED ON PAGE 101)

man, board of regents, The Graduate School of Banking; chairman of board, The Park National Bank of Newark, Ohio.

"Small Business Investment Act" by Carl M. Flora, chairman, Small Business Credit Commission, A.B.A.; vice-president, First Wisconsin National Bank, Milwaukee.

"Financing Urban Industrial Renewal" by Richard E. Graves, executive vice-president, Philadelphia Industrial Development Corporation.

"Modern Credit for Modern Agriculture" by Earl Coke, vice-president, Bank of America N.T. & S.A., San Francisco.

"Bread and Butter Business—Personal Loans" by J. Andrew Painter, vice-president, First National City Bank of New York.

Fifth Session

2 P.M.

Chairman, Mr. Kelly.

Address by Karl R. Bopp, president, Federal Reserve Bank of Philadelphia.

Address by Louis B. Lundborg, president, Savings and Mortgage Division, A.B.A.; vice-president, Bank of America N.T. & S.A., San Francisco.

Address by Dr. H. E. Luedicke, editor, *Journal of Commerce*, New York.

Summary of the conference by Mr. Kelly.



At left—
Lee P. Miller



At right—
Charles H. Kellstadt



Meeting of A.B.A. and NAMS B Committees to Discuss Taxation Problems

Representatives of the American Bankers Association and the National Association of Mutual Savings Banks met recently at the A.B.A. offices in New York to discuss problems of taxation.

Seated around table, *clockwise*: William A. Lyon, president, National Association of Mutual Savings Banks and president, Dry Dock Savings Bank, New York; Earl B. Schwulst, president and chairman, The Bowery Savings Bank, New York; John W. Remington, vice-president, American Bankers Association and president, Lincoln Rochester Trust Company, Rochester, N. Y.; A.B.A. Executive Manager G. Russell Clark; Crawford H. Stocker, Jr., president, Lynn (Mass.) Five Cents Savings Bank; Louis B. Lundborg, vice-president, Bank of America N.T. and S.A., San Francisco; Lee P. Miller, president, A.B.A. and president, Citizens Fidelity Bank and Trust Company, Louisville; and Louis E. Hurley, president, The Exchange Bank and Trust Company, El Dorado, Ark. Mr. Hurley is chairman of the A.B.A. Committee.

Standing, *left to right*: A.B.A. Executive Vice-president Merle E. Selecman; Comer J. Kimball, chairman of the board, First National Bank of Miami, Fla.; A.B.A. Senior Vice-president Ben C. Corlett; Henry S. Kingman, chairman, Farmers and Mechanics Savings Bank of Minneapolis; A.B.A. General Counsel J. O. Brott; NAMS B Executive Vice-president Grover W. Ensley; R. Stewart Rauch, Jr., president, The Philadelphia Saving Fund Society; NAMS B Counsel William McKenna; and Carlisle A. Bethel, vice-chairman and senior trust officer, Wachovia Bank and Trust Company, Winston-Salem, N. C. Mr. Rauch is chairman of the NAMS B committee.

John J. McCann, BANKING's Advertising Manager, Transfers from A.B.A. Chicago Office to New York Office on Jan. 1

John J. McCann, advertising manager of the magazine *BANKING*, official journal of the American Bankers Association, will move from the A.B.A. office in Chicago to the New York head office effective January 1. A.B.A. Executive Manager G. Russell Clark announced last month.

Mr. McCann has been at the Association's Chicago office since 1944, first as the magazine's western representative, as western advertising manager from 1948 to 1953, and as advertising manager since 1953.

The magazine's editorial offices are at the A.B.A. headquarters, 12 East 36 Street, New York 16. The Association will continue to maintain its Chicago office at 33 South Clark Street, Chicago 3.

Mr. McCann has been with the A.B.A. since 1942, when he joined the staff on *BANKING* as assistant

editor. A native of Albany, N. Y., he was advertising manager of the National Savings Bank there from 1932 to 1939. From 1939 to 1942 he was advertising manager of the A. E. Nettleton Company, Syracuse.

Mr. McCann is a graduate of The Graduate School of Banking and the School of Financial Public Relations. He is a member of the Financial Public Relations Association and the Chicago Financial Advertisers Association.



John J. McCann



Kurt F. Flexner

Dr. Kurt F. Flexner Is Named Secretary of A.B.A. Economic Policy Commission

Has Been Associate Professor at New York University Since 1946

Dr. Kurt F. Flexner, a member of the faculty of New York University, will join the staff of the American Bankers Association in January as secretary of the Economic Policy Commission, A.B.A. Executive Manager G. Russell Clark announced last month.

Dr. Flexner, who has been at New York University since 1946, is at present associate professor of economics in the University's Graduate School of Arts and Sciences and associate professor of banking and finance in the School of Commerce, Accounts, and Finance.

As secretary of the A.B.A. Economic Policy Commission.

(CONTINUED ON PAGE 104)



Officers' dais at Organization Committee meeting in New York. *Left to right*, Senior Vice-president Ben C. Corlett, President Lee P. Miller, Executive Vice-president Merle E. Selecman, Organization Committee Chairman Frank W. Thomas, Executive Manager G. Russell Clark, Committee Assistant Secretary George H. Gustafson, elected Vice-president John W. Remington, and Committee Vice-chairman John W. Kress

Regional and State Vice-Presidents of A. B. A. Are Briefed in New York on Association's Work

The meeting of the Organization (Membership) Committee of the American Bankers Association held in New York in 1957 was repeated in November 1958, with 39 of the 49 state vice-presidents and nine of the 10 regional vice-presidents of the Association attending.

The Organization Committee keeps the membership informed and explains policy.

The elected and staff officers of the A.B.A. attended the meeting and briefly sketched the multitudinous activities and the broad legislative objectives of the Association.

Questions from the floor clarified moot points about the work of the A.B.A. on behalf of its member banks.



The photographer caught two New Englanders chatting informally. *L. to r.*, D. C. Hewitt, vice-president, First National Bank and Trust Co., Hartford, and H. A. Sears, president, Third National Bank and Trust Co., Springfield

The VPs give rapt attention as President Lee P. Miller discusses his program



PHOTOS BY JOHN BATT

A.B.A. Welcomed 208 New Members in 3-Month Period; 23 New Banks Included

Two hundred and eight new members were received by the American Bankers Association during the 3-month period ending November 30, according to a report by Frank W. Thomas, chairman of the Association's Organization Committee. Mr. Thomas is president of the Washington (Ga.) Loan & Banking Company.

The new members include 46 head offices of banks in 24 states, 159 branch offices, one A.I.B. chapter, and two associate members.

These 208 new A.B.A. members include the following newly organized institutions:

ARIZONA: Bank of Phoenix.

FLORIDA: National Bank of Sarasota.

GEORGIA: Morris State Bank, Dublin.

ILLINOIS: Olympia State Bank, Chicago Heights, and Bank of Broadway, Melrose Park.

IOWA: Coralville Bank & Trust Company, Coralville.

KANSAS: Southwest State Bank, Topeka.

LOUISIANA: American Bank & Trust Company, Opelousas.

MARYLAND: National Bank of Maryland, Silver Spring.

MASSACHUSETTS: First National Bank, Natick.

MICHIGAN: Peoples Community Bank, Three Rivers.

MISSOURI: Bank of Taney County, Forsyth, and Nixa Bank.

NEW JERSEY: Irvington State Bank, Irvington, and Saddle Brook State Bank.

TEXAS: First State Bank, Clute; Park Cities Bank & Trust Company, Dallas; First National Bank, Fort Stockton; Airline State Bank, Houston; Chimney Rock National Bank, Houston; Northeast National Bank, Houston; National Bank of Odessa, Odessa; and Portland State Bank.

Revised Model By-Laws Book

(CONTINUED FROM PAGE 98)

nent model by-laws submitted by six states; one in each of the generally recognized geographical divisions of the United States. Also included, exactly as submitted, are the complete recommended by-laws of the states of Maryland, North Dakota, South Dakota, and Wisconsin.

To facilitate locating specific by-laws, the booklet contains a table of contents which lists these main divisions: (1) Meetings of Share-

holders; (2) Directors; (3) Officers and Employees; (4) Committees; (5) Corporate Seal; (6) Stock; (7) Banking Hours; (8) Miscellaneous; (9) Changes in By-Laws; (10) Exhibit 1—Sample By-Laws to Provide for Emergency Operations; and (11) Exhibit 2—Laws of Four Se-

lected States. (Book suggests banks consult counsel before acting.)

Louis E. Hurley, president of the Exchange Bank & Trust Company, El Dorado, Ark., is president of the State Bank Division, and Walter B. French, senior deputy manager, A.B.A., is the secretary.

Signing Up New A.B.A. Members



Wendell B. Trenchard, president, DeLand (Ill.) State Bank, and regional vice-president, American Bankers Association, keeps busy signing up newly organized banks to membership in the American Bankers Association. Above, Mr. Trenchard, center, receives A.B.A. dues draft from John E. Taylor, president and cashier, First State Bank of Calumet City, during ceremonies marking the opening of the bank. At right, the new bank's vice-president and director, Henry O. Lindner

Below, at the opening of the Olympia State Bank, Chicago Heights, Ill., President Glen D. Flory, seated, signs membership dues drafts for both A.B.A. and Illinois Bankers Association. Standing, left to right, E. T. Etcheson, executive vice-president, IBA; State Representative Maurino Richton; Howard F. Sammons, IBA president and president, Forest Park National Bank; State Senator Hayes Robertson; A.B.A. Regional Vice-President Wendell B. Trenchard; and Olympia Board Chairman George Arquilla



Program for A.B.A.'s 40th Mid-Winter Trust Conference at Waldorf-Astoria in New York on February 9-11 Is Announced by Carlysle A. Bethel

Outstanding bankers, lawyers, and educators, including the presidents of the American Bankers Association and the American Bar Association, will be on the program of the 40th Mid-Winter Trust Conference of the A.B.A. at The Waldorf-Astoria in New York, February 9-11.

The program was announced by Carlysle A. Bethel, president of the A.B.A.'s Trust Division, which sponsors the annual conference.

Among the prominent speakers, in addition to Lee P. Miller, president, A.B.A., and Ross L. Malone, president American Bar Association, will be Senator Sam J. Ervin, Jr., of North Carolina.

As in past years, registered delegates at the conference will be guests of the New York Clearing House Association at a luncheon at The Waldorf-Astoria. The advance program:

Monday, February 9, 9:30 A.M.

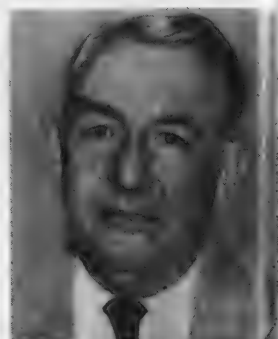
Presiding, Joseph H. Wolfe, deputy manager and secretary of Trust Division, A.B.A. Invocation by Payne Brown, vice-president and trust officer, The National Bank of Commerce of Charleston, W. Va. Address by Mr. Bethel; address by William H. Edwards, Edwards & Angell, Providence, R. I.; address by Dr. Marcus Nadler, professor of finance, New York University, New York.

2 P.M., Smaller Trust Departments

Presiding, Joseph M. Naughton, president, Second National Bank, Cumberland, Md. "Adequate Charges for a Smaller Trust Department" by Ralph A. McNinch, president, Merchants National Bank, Manchester, N. H.; "A Bank Fiduciary Fund" by



At left—
Carlysle A. Bethel



At right—
Sam J. Ervin, Jr.

C. E. Treman, Jr., vice-president and trust officer, Tompkins County Trust Co., Ithaca, N. Y.

Panel on "Problems of Smaller Trust Departments," led by Mr. Naughton. Members: William Matthews, assistant to director, Federal Deposit Insurance Corp., Washington, D. C.; Earl G. Schwalm, president, Lincoln National Bank and Trust Company, Fort Wayne, Ind.; Herbert A. Trucksess, vice-president, Studley, Shupert & Co., Inc., Philadelphia; and Joseph R. Wyatt, Jr., trust officer, First National Trust and Savings Bank, Lynchburg, Va.

Medium Trust Departments

Presiding, Charles G. Young, Jr., senior vice-president and senior trust officer, City National Bank & Trust Co., Kansas City. "Operations for Medium Trust Departments" by N. T. Robinson, vice-president and trust officer, Central National Bank and Trust Co., Des Moines; "How to Set Up a Common Trust Fund" by C. S. Onderdonk, III, assistant trust investment officer, Montgomery County Bank and Trust Co., Norristown, Pa.

Panel on "Problems of Medium

Trust Departments," led by Mr. Young. Members: Herbert A. Jones, vice-president and senior trust officer, The National Commercial Bank and Trust Company of Albany, N. Y.; F. D. Michael, vice-president and trust officer, Merchants National Bank and Trust Company, Indianapolis; Mr. Onderdonk; Mr. Robinson.

Pension and Profit-sharing Plans

Presiding, Walter Kennedy, immediate past president, Trust Division, A.B.A.; president, The First National Bank of Montgomery, Ala. "Investments for Pensions and Profit-sharing Trusts"—speaker to be announced. "Federal Welfare and Pension Plans Disclosure Act" by Cecil P. Bronston, vice-president, Continental Illinois National Bank and Trust Co., Chicago.

Speakers discussing "Possibilities Under the Keogh Bill," include: "Canadian Experience" by J. Fraser Coate, manager, Pension Department, Montreal Trust Company, Toronto; "United States Possibilities" by Charles M. Bliss, executive vice-president, The Bank of New

(CONTINUED ON NEXT PAGE)

Marcus Nadler



T. J. Herbert



Reese H. Harris, Jr.



J. R. Johnson



Committee Chairmen for A.I.B.'s Annual Convention Named by Gerard E. Hayes

F. A. Potts Named General Ch.; H. W. Wallgren Is Coordinator

Chairmen of committees for the 57th annual convention of the American Institute of Banking, educational section of the American Bankers Association, have been announced by A.I.B. President Gerard E. Hayes. The convention will be held in Philadelphia June 1-5. Mr. Hayes is assistant vice-president of The National Shawmut Bank of Boston.

Frederic A. Potts of the Philadelphia National Bank will serve as general chairman. General vice-chairman-coordinator will be Harold W. Wallgren of the Philadelphia National Bank; and general vice-chairmen will be Earl H. Cuner, Girard Trust Corn Exchange Bank; Harold W. Scott, The First Pennsylvania Banking and Trust Company; and Warren H. Woodring, Provident Trademens Bank and Trust Company.

Bertha C. Hatton of the Fidelity-Philadelphia Trust Company will be convention secretary; and Earl K. Mueller, Central-Penn National Bank, will be treasurer.

Committee Chairmen

Other local committee chairmen and vice-chairmen are:

DEBATE: R. David Conner, Girard Trust Corn Exchange Bank, chairman; Alfred C. Achtert, Broad Street Trust Company, vice-chairman.

ENTERTAINMENT: Thomas H. Chase, Central-Penn National Bank, co-chairman; Lewis G. Corder, Girard Trust Corn Exchange Bank, co-chairman.

FINANCE: Henry J. Nelson, Federal Reserve Bank, chairman; Joseph A. McFadden, Provident Trademens Bank and Trust Company, vice-chairman.

HALLS AND MEETING PLACES: Joseph J. Braceland, Philadelphia Saving Fund Society, chairman; G. Thomas Brooks, The First Pennsylvania Banking and Trust Company, vice-chairman.

HOSPITALITY: S. Emilie MacMichael, Central-Penn National Bank, chairman; Charles L. Weiss, Fidelity-Philadelphia Trust Company, vice-chairman.

HOTELS: Charles E. Baus, Girard Trust Corn Exchange Bank, chairman; Joseph I. Casey, Philadelphia National Bank, vice-chairman.

Program for A.B.A.'s 40th Mid-Winter Trust Conference

(CONTINUED FROM PAGE 102)

York, New York; and "Mechanics of Handling Funds" by Arthur V. Toupin, trust officer, Bank of America N.T. & S.A., San Francisco.

Corporate Trusts and Agencies

(A round-table discussion of problems relating to corporate trusts, transfer agencies, registerships, and miscellaneous corporate agencies.)

Ronald M. Kimball, vice-president, Continental Illinois National Bank and Trust Co., Chicago, leader. Members: B. B. Brown, vice-president and senior trust officer, American Trust Company, San Francisco; H. S. Hauck, vice-president, The Boatmen's National Bank, St. Louis; Donald A. Hazlett, vice-president, Mellon National Bank and Trust Co., Pittsburgh; Henry S. Parker, vice-president, Old Colony Trust Co., Boston; S. L. Smith, vice-president, City Bank Farmers Trust Co., New York; and Joseph E. Williams, vice-presi-

INFORMATION: Richard E. Foehl, The First Pennsylvania Banking and Trust Company, chairman; George W. Householder, Fidelity - Philadelphia Trust Company, vice-chairman.

PERSONNEL: Charles W. Books, The First Pennsylvania Banking and Trust Company, chairman; J. Mark Kirchgasser, Central-Penn National Bank, vice-chairman.

PUBLIC SPEAKING: Charles F. Nagel, Provident Trademens Bank and Trust Company, chairman; John W. Harris, Central-Penn National Bank, vice-chairman.

PUBLICITY: W. W. Delamater, Provident Trademens Bank and Trust Company, chairman; Charles Hoeflich, Philadelphia National Bank, vice-chairman.

REGISTRATION: Samuel K. Dyer, Philadelphia National Bank, chairman; William R. Monseck, Provident Trademens Bank and Trust Company, vice-chairman.

TRANSPORTATION: J. Albert Cairns, Fidelity-Philadelphia Trust Company, chairman; Robert L. Kirk, Central-Penn National Bank, vice-chairman.

UTILITIES: Joseph E. T. O'Connor, The First Pennsylvania Banking and Trust Company, chairman; Harry Keller, Philadelphia National Bank, vice-chairman.

WOMEN'S: Elizabeth W. Server, Girard Trust Corn Exchange Bank, chairman; Mildred R. Wachter, Provident Trademens Bank and Trust Company, vice-chairman.

dent, The Chase Manhattan Bank, New York.

Tuesday, February 10, 9:15 A.M.

Presiding, President Bethel. Address by President Lee P. Miller. "Operation of a Trust Department in a Branch System" by J. R. Johnson, vice-president and senior trust officer, Bank of America N.T. & S.A., San Francisco; "The Technique of Trust Personnel Evaluation" by William S. Sadler, Jr., Sadler & Associates, Chicago; and "The Future Outlook for Trust Services" by Thomas H. Beacom, vice-president, The First National Bank of Chicago.

Investments Session

Presiding, Charles W. Hamilton, vice-president, Trust Division, A.B.A.; senior vice-president and trust officer, The National Bank of Commerce, Houston. Addresses on: "Real Estate and Mortgages—Practical Problems in Management of Portfolios" by William F. Kessler, senior vice-president, The First National Bank of Boston; "Trends in Industries" by Thomas J. Herbert, executive vice-president, Investors Management Company, Inc., Elizabeth, N. J.

Panel on "Investments," led by Thomas J. Moroney, vice-president and senior trust officer, Republic National Bank of Dallas. Members: Mr. Herbert; M. Dutton Morehouse, manager, Brown Brothers Harriman & Co., Chicago; Ragnar D. Naess, Naess & Thomas, New York; and Paul A. Pflueger, Jr., financial vice-president, Title Insurance and Trust Company, Los Angeles.

Wednesday, February 11, 9:15 A.M.

Presiding, Robert R. Duncan, chairman, Executive Committee, Trust Division, A.B.A.; president, Harvard Trust Company, Cambridge. Address by Ross L. Malone, president, American Bar Association, Roswell, N. Mex.; "The Estate Planning Team—Its Duties and Functions" by Reese H. Harris, Jr., executive vice-president, The Hanover Bank, New York; and "Income Taxation of Estates—Present and Future" by A. James Casner, professor of law, Harvard Law School, Cambridge.

Luncheon

Address by Senator Sam J. Ervin, Jr.

Flexner Joins A.B.A. Staff

(CONTINUED FROM PAGE 99)

conomic Policy Commission, he will take over the position formerly held by Dr. Murray G. Lee, who in November was appointed director of the Association's new Council on Banking Education. Dr. E. Sherman Adams is deputy manager in charge of the Economic Policy Commission.

Dr. Flexner, a native of Vienna, Austria, was educated in the United States. He was graduated from Johns Hopkins University with a

B.S. degree in economics and later earned a Ph.D. degree in economics at Columbia University.

Before joining the NYU faculty, Dr. Flexner taught at Johns Hopkins from 1939 to 1943. He served in the United States Army in 1944 and 1945.

An outstanding authority on the savings and loan business, Dr. Flexner has served as economic consultant to the Savings Association League of the State of New York, the Metropolitan League of Savings

Associations, and the New York State Housing Division.

Dr. Flexner has contributed articles to various magazines and has written several monographs that have been published. He is presently working on a monograph on the Federal Home Loan Bank System for the Subcommittee on Housing of the United States Senate Committee on Banking and Currency.

He is a member of the American Economics Association and the Academy of Political Science.

Instalment Credit

A.B.A. Conducts Tuition Finance Study

A COMPILATION of tuition finance plans is currently being conducted by the A.B.A. Instalment Credit Commission, according to Louis J. Asterita, deputy manager. When completed, it will bring out the variations in the many plans and enable the Commission to present the complete details of the plans to American Bankers Association member banks.

Tuition financing again comes to the fore, Mr. Asterita said, because of the new spring semester to start in February. Universities and colleges have indicated considerable interest in present bank plans, he said, but some of the many plans currently available on either a state or individual bank basis have achieved more borrower-and-lender-response than others. The study now being conducted by the Commission will facilitate comparison of the various plans.

A.B.A. Credit Conference Format Revamped

THERE'LL be some changes made at that American Bankers Association National Instalment Credit Conference in March. The Commission has announced that instead of the usual format, at this conference, to be held March 9, 10, and 11 at Chicago's Conrad Hilton, the "bull session" type of group discussion will

be extended to both Monday and Tuesday afternoons.

Also, this year, groups will be divided by the size of their instalment credit outstandings. This breakdown is planned because problems relating to each particular group can generally be classified by the type of credit extended and by size of outstandings. Men who have been exposed to the problems and operations in each particular group's size of outstandings will be assigned as discussion leaders.

In addition, both a complete discourse on charge account financing and one on tuition financing will be presented, followed by ample opportunity to ask questions.

It is believed that this approach will be of tremendous assistance to smaller and medium-sized banks, who in the past have made up the preponderance of attendees at this annual conference.

Charge Account Bankers "Eye" Glasses

ALTHOUGH tabulations are not available on actual enrolments or affiliations, the Charge Account Bankers Association reports a better-than-expected response to their recent mailing inviting 36,000 members of the ophthalmic professions and their suppliers to avail themselves of charge account banking services for their patients.

A brochure, prepared by the association in consultation with national, state, and local associations and

authorities in the ophthalmic line, explained how the one credit card, usable for commercial and professional services, can enable a patient to obtain vision care which may be immediately necessary but not within his immediate financial scope.

Some 1,400 replies, representing every state, came in to the association requesting a local reference or further information.

Loan Decline Reflects Auto Production Slowdown

AUTO loans are reported down, reflecting delays in automobile production and delivery as a result of strikes and depleted stocks of new cars during the change to 1959 models.

According to a study made by members of the Advisory Board to the Instalment Credit Commission of the American Bankers Association, banks, with very few exceptions, report a reduction in both volume and outstandings in automobile loans.

Bank loans for home improvement and personal loans show an increased volume. This, said the Commission, could be indicative of general confidence in business conditions.

Strikes in major auto plants and suppliers' factories which have delayed deliveries of new cars to dealers just after the showings of 1959 models, are a temporary factor. The Commission believes that auto loans will step up rapidly as cars become

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available. Despite the higher level of prices for new automobiles, banks have not expanded terms. The average prevailing on new cars for both direct loans and dealer paper remains at 36 months and on used cars 24 months depending on age.

Reports of repossessions and losses on repossessed automobiles show that since the previous quarter, the number of repossessions has declined. The average loss was down to \$255 compared with \$294 on direct loans, and \$287 compared with \$342 on dealer paper. Charge-offs on other classifications of loans currently are slightly higher, averaging \$220 compared with \$198 in the previous quarter. Fewer banks report the necessity of resorting to charge-offs than previously. Frauds on consumer loans including automobiles are lower on both floor plan and retail paper classifications. The majority of banks have not raised rates on automobile or other instal-

ment loans. The few reporting higher rates are offset by banks which have lowered their interest cost to consumers and dealers.

In appliances, loan demand appears to be lower. The Commission regards this as a regular seasonal fluctuation. Most banks have not expanded terms to stimulate appliance sales. Interest rates are steady.

More personal loans are being made by banks with average terms of up to 24 months.

Terms on farm equipment loans appear to be expanding slightly. Most banks are maintaining the 24-36-month payment period. On mobile homes, the term trend is definitely toward a 60-month maturity. There is a pronounced resistance to further expansions.

The Instalment Credit Commission's reports from Middle West states show an increase in boat financing, which is being done under terms of 24 months.

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CAB Comprehensive In the A.B.A. Works

A COMPLETE, comprehensive cataloging of charge account banking plans will soon be available to members of the American Bankers Association.

Because of the tremendous current interest that has been evoked by this field of credit, the A.B.A. Instalment Credit Commission is pulling together a brief which will explain in detail each plan currently in use both in charge account financing and revolving credit. Members interested in obtaining copies may request them from the Commission at 12 East 36th Street, New York 16.

Savings

Harold Randall to Speak

COMPLETION of the program for the Regional Savings and Mortgage Conference of the American Bankers Association in Cincinnati on January 26-27 was achieved with the announcement that Harold E. Randall, vice-president and comptroller of the First National Bank of Boston, will speak on "Determination of Interest Rates on Savings" at the second session on Monday, the 26th. Mr. Randall is chairman of the Association's Bank Management Commission.

The conference program, with pictures, was announced on page 103 of December BANKING. Louis B. Lundborg, president of the A.B.A.'s Savings and Mortgage Division and vice-president of the Bank of America N.T. & S.A., will be among the speakers at the conference. His topic will be "Solicitation of Savings and Mortgages."

Redesigned Savings Stamp

THE Treasury Department has placed on sale at all post offices a newly designed 25-cent United States Savings Stamp printed in red, white,

and blue, and two attractive gift books—one containing 10 of the new 25-cent stamps to sell for \$2.50 and the other containing 20 of the stamps to sell for \$5. The Minute Man design of the familiar 25-cent green stamp is continued, but our flag has been added in the background.

Mutuals Exert Influence on National Policy—Lyon

AT the opening the 12th Annual Mid-Year Meeting of the National Association of Mutual Savings Banks in New York, President William A. Lyon, said that "mutual savings banks may be restricted in location to 17 states, but the nature of their thrift activities and of their investment programs makes the industry nationwide in its effect."

Mr. Lyon, who is president of the Dry Dock Savings Bank, New York, reported that the association, "through its committees, is communicating the thinking of our industry to legislators, government officials, other members of the financial system, and to the general public. In this way we can help to shape broad

national policies that will benefit savers, help to stabilize the value of the dollars entrusted to us, and promote economic growth."

Chairman Mills Warns Tax Base May Be Broadened

MUTUAL savings banks along with other types of activities which enjoy some degree of preference under existing tax law must awaken to the possibilities, so long as these high spending programs continue, of the tax base being broadened in such a way as to alter their present tax status, Wilbur D. Mills, chairman, Committee on Ways and Means, House of Representatives, Washington, told the midwinter meeting of the National Association of Mutual Savings Banks in New York.

Speaking on "Fiscal and Monetary Policies As Factors in Economic Growth," Representative Mills (D., Ark.) said that "the first line for raising increased revenue, if that is necessary, should be through measures aimed at broadening the tax base rather than through general rate increases." He said that he seriously questions "the advisability

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of increasing present rates of taxation on the present tax base because of the concern which I have for the effect of such action on opportunities for future economic growth . . . "

Summary of Mr. Mills' remarks:

"I would say that over the next several years we do face the problem and threat of inflation. I see it as a problem of inconsistent tax and expenditure decisions. We are told by economists that this country has the resources to increase considerably Government expenditures and taxes if these are deemed necessary. There should be no doubt in any of our minds that we could maintain a far larger defense program if this was required by the international situation. Any of these expenditure programs, however, would be inflationary if we will not make consistent tax decisions. The problem of getting consistency requires sincere efforts on both the tax and expenditure side.

Government Tax Program

"On the expenditure side, consistency requires that government programs be evaluated in terms of what must be given up by the increased taxes necessary to pay for them. The increased taxes will obviously cut down private expenditure and thus cut down growth in the private part of the economy. Government programs should only be adopted if we can assure ourselves that they will make a sufficient contribution to the national welfare to justify this loss of private growth.

"On the tax side, consistency requires that once these decisions are made in the light of their tax consequences, public opinion must support the enactment of a tax program that will permit these expenditures to be made without inflation. To pay for growing expenditure programs by continued deficits and inflation will undermine our main bulwark for stability, the willingness of people to save, and such action will do as much or more to impede economic growth in real terms as would an increase in the already excessive tax rates."



Frances Lange, right, president of Savings Bank Women of New York and assistant secretary, The Bronx Savings Bank, makes contribution to the SBW annual Christmas Tea welfare fund. Donations are used by the SBW's Welfare Committee for its assistance to patients in metropolitan New York hospitals. Also shown, left to right, Gerard Cuff; Mary Gleason, The Williamsburg Savings Bank, Brooklyn, chairman of the tea; Peter Mulligan; and Nancy K. Dustman, Institutional Securities Corporation, New York, chairman of the Welfare Committee

New York Mutuals Hold School Banking Forum

SCHOOL savings banking was the featured topic of discussion at the Midwinter Conference of the Savings Banks Association of the State of New York in New York City. Chairman of the conference was Millicent A. Trichler, assistant treasurer, Dollar Savings Bank of New York, and formerly chairman, School Savings Banking Committee of the American Bankers Association.

Speakers included Dr. Julius C. Bernstein, principal, Weequahic High School, Newark, N. J., who spoke on "Importance of Communications to Good Public Relations"; Edgar T. Hussey, president, West Side Savings Bank, New York, on "Serving the Community through School Savings"; and Rudolph R. Fichtel, director, Public Relations Council, American Bankers Association, on "An Evaluation of School Savings."

"Search where you will," said Mr. Hussey, "I challenge you to find a system that equals the system of school savings in its effectiveness toward the twin objectives for which we exist—an increasing number of savers and maximum regularity in the savings of small sums."

Mr. Hussey pointed out that "children are by nature interested in saving and collecting, whether it be money, box-tops, or marbles. We should strive, therefore, to tie this natural desire on the part of the school children to the systematic saving of money. Thus, we carry our gospel and practical workings of it to the new generations as they come trooping along. . . . Incidentally, it does your bank no harm to have its name spoken at the breakfast table once a week when Johnny asks for the dime or quarter."

Continuing, Mr. Hussey stated:

"It is more than coincidence that since we have added school savings to our services, our savings accounts (and I'm speaking of regular adult accounts) have grown at an unprecedented rate, both in number of accounts and also in dollar volume. And I'd like to be able to show you some of the letters we've received from enthusiastic parents of school children.

"Building for tomorrow is a vital phase of our present day planning."

Bank Is Community Teacher

"FUNDAMENTALLY, school savings is an educational program; a vehicle for teaching thrift and personal money management," said Rudolph R. Fichtel, director of the Public Relations Council of the American Bankers Association, in "An Evaluation of School Savings" before the School Savings Forum of the Savings Banks Association of the State of New York.

He emphasized that "school savings creates practical situations in handling money. Its varied activities can enrich the school curriculum and help vitalize subjects such as penmanship, arithmetic, mathematics, social studies, and related subjects."

Moreover, he said, the business transactions of school savings give opportunities for practical training in banking.

"School savings affords real-life experience in all three components of thrift, viz: *Income* derived from allowance, gift, or earning; *saving*, which is deferred spending; and wise *spending*. School savings enables young people to experience the income-saving-spending cycle and to learn from it.

"Regularity and orderliness are the keystones of thrift education. School savings with an established,

systematic procedure develops the habit of saving . . . by arousing interest in it, giving it a chance to be practiced, and having it result in satisfaction. And you know, saving is like eating peanuts. Once you begin, you tend to go on and on.

"School savings is not an extra activity to be added to an already crowded schedule. It is a practical aid for translating educational concepts and objectives into action."

Continuing, Mr. Fichtel said that "generally speaking, school savings results in a net out-of-pocket loss to most banks. Financially it is

an unprofitable operation . . . certainly not a money-maker. This may surprise some teachers, but it is true."

In answer to the question, "Are the long-range benefits worth the cost?" Mr. Fichtel said: "Many banks—over 700 of them—obviously think so. These banks regard school savings as a social obligation . . . a responsibility and an opportunity . . . a long-term investment rather than an expense . . . a way of service to the community."

"It has been said that every child has five sets of teachers: The school

teacher, the home or parent teacher, the playmate teacher, the church teacher, and the community teacher. All of these teachers help young people to adjust themselves, and to develop their character traits. Banks have a part in this educational process. Through school savings . . . the bank serves as a *community teacher*."

Housing and Mortgages

November Construction

NEW construction activity in November declined less than seasonally to \$4.4-billion, according to preliminary estimates prepared by the U. S. Departments of Commerce and Labor. The total dollar volume for the first 11 months of 1958, at \$44.9-billion, exceeded the comparable 1957 period by a slight margin.

Public construction thus far in 1958, at \$13.9-billion, was 6% above a year earlier, due mainly to continued strength in public housing and highways. Private expenditures, amounting to \$31-billion, were slightly below the total for the same 1957 period, as gains in housing and most types of nonresidential construction were more than offset by the sharp decline in industrial building.

Nonfarm Mortgage Debt Up

DURING the second quarter of 1958 the nation's nonfarm mortgage debt increased by over \$2.4-billion to bring the total at the end of June to more than \$111.7-billion, according to the Federal Home Loan Bank Board. This increase was nearly \$150,000,000 greater than that in the second quarter of 1957 when the expansion of mortgage debt on 1- to 4-family units amounted to approximately \$2.3-billion. In terms of dollars, it marked the first time since the third quarter of 1955 that the debt increase in such properties was greater than the corresponding period of the previous year.

Savings and loan associations, with a gain of \$1.4-billion in home mortgage holdings, accounted for well over half of the total increase in debt during the second quarter of 1958. Their share of the total increase was 58% while the respective shares of combined individuals and miscellaneous lenders and of mutual savings banks amounted to 20.2 and 16.6%. The proportion of the total increment accounted for by life insurance companies, on the other hand, was only 6.1%.

Commercial banks held nearly 16%, and mutual savings banks and all individuals and miscellaneous lenders each held approximately 13%, of the total.

Housing Starts in November

NEW permanent nonfarm dwelling units started in November, including 2,000 public units, totaled 102,000, according to the U. S. Bureau of Labor Statistics.

Preliminary estimates of the Bureau place the total nonfarm housing starts for the first 11 months of 1958 at 1,103,700. On the basis of 100,000 private starts in November, which compares with 75,700 in November 1957, the seasonally adjusted annual rate of private starts is 1,330,000.

9-Month Delinquencies Same As in 1956

EVEN though it covers the period when the business recession was

most severe, the total of mortgage loan payments delinquent during the first nine months of 1958 amounted to only 2.23%—exactly the same shown for the comparable period of 1956—but somewhat higher than the 2.05% shown for the same period last year, says the national delinquency survey of mortgage loans published quarterly by the Mortgage Bankers Association of America.

Based upon 2,568,008 mortgage loans in the portfolios of mortgage investors nationwide, total delinquencies were 57,199, as contrasted to 49,943 out of 2,433,025 loans on September 30, 1957.

Housing and Mortgage Developments Forecast

"IT has been my contention that, while economic forecasting in general is a hazardous business, soothsaying about mortgage and housing markets is particularly so, because added to the unpredictable economic actions of millions of individuals are the unpredictable political actions of 531 Federal legislators—soon to be increased to 534," said Saul B. Klamman, economist of the National Association of Mutual Savings Banks in an address before the Mortgage Bankers Association of New York in New York.

Mr. Klamman's remarks included this appraisal of developments that may be expected in housing and mortgage markets:

(1) The mortgage market will be under considerably more pressure in

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1959 than it was in most of 1958 but less than in 1956-57.

(2) The large volume of mortgage commitments now outstanding, however, will support a continued large volume of mortgage flows. Commitments of New York savings banks are now at about double the 1957 level and those of life insurance companies are also very high.

The reported figures on mortgage loans closed in 1959, therefore, will be suggesting exuberance in real estate markets, but at the same time, tightening commitments will be telling a story of somewhat greater credit stringency.

(3) Construction financing from commercial banks will be less readily available both because firm take-out commitments on which such financing is based will be reduced, and because bank reserves will be somewhat lower. In such a situation, customer relations assume strategic importance and long and continuing relationships will be paying off.

(4) The higher level of interest rates likely to prevail in 1959 than prevailed through most of 1958 will result in a shift away from VA loans—which enjoyed brief popularity in 1958—to conventional loans. FHA loans continue to be nearly as attractive to investors as

in 1958—assuming more insurance authorization is voted.

(5) To translate some of these statements into figures, we would anticipate a net flow of total mortgage funds in 1959—that is after repayments—of close to \$15-billion. This would be somewhat higher than the \$14-billion I expect in 1958, and compares with less than \$12-billion in 1957 and the all-time high of over \$16-billion in 1955. We expect that all of the main types of financial institutions will have a larger net flow of mortgage funds in 1959 than in 1958.

(6) The total volume of housing starts in 1959—private and public—will be close to 1,200,000, about the same as in 1958.

(7) While the total volume of housing starts for 1959 and 1958 will be about the same, the patterns of activity will be substantially different in that 1959 will begin at a substantially higher level—perhaps close to 25% higher—than 1958.

(8) It is important to note that, almost regardless of economic and financial conditions, the volume of starts can be expected to hold to a high level through at least late spring because of the lag in this activity behind mortgage commitments, land acquisition, planning, etc.

Again, reflecting the lags in housing market activity, I would expect a greater proportion of 1959 starts to be VA-financed, notwithstanding the tightening in new VA loans, because of the sharp increase in and large outstanding volume of VA appraisal requests.

FHA Has New Standards

FEDERAL Housing Administration's new Minimum Property Standards, which are expected to go into effect next spring, will give the nation's home builders a common set of standards for the first time, FHA Commissioner Norman P. Mason said recently.

Commissioner Mason described the new standards as "more efficient, more up-to-date, than present requirements. They are a set of rules based on performance that will help the industry to use new building technology—new techniques."

FHA's Home Repair Book

A NEW counter hand-out and mailing piece, designed especially for use by lending institutions to encourage home owners to put on new roofing and siding, has been released by the FHA Title I Loan Office in Washington.

Produced in cooperation with the Insulating Siding Association, the 4-color, 3¼ by 6¼-inch folder, stresses pride in ownership and peace of mind that go with having a house that looks attractive and is protected from weather and other forces of deterioration.

To obtain samples of the folder write Stephen Smith, Kaufman Press, 26 Massachusetts Ave., N.W., Washington, D.C.

CALENDAR

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American Bankers Association

Jan.	22-23	National Credit Conference, La Salle Hotel, Chicago.
Jan.	26-27	Regional Savings and Mortgage Conference, Sheraton-Gibson Hotel, Cincinnati
Feb.	9-11	Midwinter Trust Conference, Waldorf-Astoria, New York City
March	2	National School Savings Forum, Roosevelt Hotel, New York City
March	2-4	Annual Savings and Mortgage Conference, Roosevelt Hotel, New York City
March	5-6	Committee on Real Estate Mortgages, Roosevelt Hotel, New York City

March	9-11	Instalment Credit Conference, Conrad Hilton Hotel, Chicago.
March	19-20	Agricultural Commission and Subcommittee on Agricultural Credit, Westward Ho Hotel, Phoenix, Ariz.
May	14-15	Southern Regional Trust Conference Dinkler-Tutwiler Hotel, Birmingham, Ala.
June	1-5	American Institute of Banking, The Bellevue-Stratford and the Sheraton Hotel, Philadelphia, Pa.
Oct.	15-16	Western Regional Trust Conference, St. Francis Hotel, San Francisco
Oct.	25-28	85th Annual Convention, Miami Beach, Fla.

- Nov. 5-6 28th Mid-Continent Trust Conference, Statler Hotel, Detroit, Mich.
 Nov. 9-10 8th Annual National Agricultural Credit Conference, Netherland-Hilton Hotel, Cincinnati, Ohio

State Associations

- Feb. 4-6 Eastern Secretaries Conference, Skytop Lodge, Skytop, Pa.
 March 19-21 Florida, Americana Hotel, Bal Harbour, Miami Beach
 March 30-31 Eastern States Agricultural Credit Conference, Hotel Manhattan, New York City
 April 12-14 Louisiana, Buena Vista Hotel, Biloxi, Miss.
 April 13-15 Mexican, Torreon, Coahuila, Mex.
 April 14-16 Georgia, Augusta Hotel, Bon Air
 April 27-29 Ohio, Cleveland Hotel, Cleveland
 May 5-6 Tennessee, New Gatlinburg Inn, Gatlinburg
 May 7-8 Oklahoma, Mayo Hotel, Tulsa
 May 7-9 North Carolina, The Carolina Hotel, Pinehurst
 May 8-9 North Dakota, Clarence Parker Hotel, Minot
 May 8-12 Maryland, Chalfonte-Haddon Hall, Atlantic City, N. J.
 May 10-12 Missouri, Muehlebach Hotel, Kansas City
 May 10-12 Texas, Gunter Hotel, San Antonio
 May 13-15 Kansas, Hutchinson
 May 14 Delaware, du Pont Hotel, Wilmington
 May 14-15 Massachusetts, New Ocean House, Swampscott
 May 14-16 South Carolina, Poinsett Hotel, Greenville
 May 15-16 South Dakota, Sheraton Cataract Hotel, Sioux Falls
 May 17-19 California, del Coronado Hotel, Coronado
 May 18-20 Mississippi, Buena Vista Hotel, Biloxi
 May 19-20 Illinois, Chase-Park Plaza Hotel, St. Louis, Mo.
 May 20-22 Alabama, Tutwiler Hotel, Birmingham
 May 20-23 New Jersey, Chalfonte-Haddon Hall, Atlantic City
 May 21-23 Colorado, Broadmoor Hotel, Colorado Springs
 May 22-23 New Mexico, La Fonda Hotel, Santa Fe
 May 24-27 Pennsylvania, Chalfonte-Haddon Hall, Atlantic City, N. J.
 May 25-27 Arkansas, Arlington Hotel, Hot Springs
 May 31-June 2 Oregon, Marion Hotel, Salem
 June 3-4 Indiana, French Lick-Sheraton Hotel, French Lick
 June 3-7 Dist. of Col., The Homestead Hotel, Hot Springs, Va.
 June 4-6 Utah, Utah Hotel, Salt Lake City
 June 5-6 Connecticut, Equinox House, Manchester, Vt.

- June 7-9 Idaho, The Lodge, Sun Valley
 June 9-10 Minnesota, St. Paul Hotel, St. Paul
 June 11-13 Washington, Olympic Hotel, Seattle
 June 11-13 Wyoming, Casper
 June 15-17 Wisconsin, Schroeder Hotel, Milwaukee
 June 18-20 Michigan, Grand Hotel, Mackinac Island
 June 18-20 Montana, Canyon Hotel, Yellowstone Park
 June 18-20 Virginia, The Homestead, Hot Springs
 June 19-20 *New Hampshire, Wentworth-By-The-Sea, Portsmouth
 June 19-20 *New Hampshire Savings Banks, Wentworth-By-The-Sea, Portsmouth
 June 19-20 New Jersey Savings Banks, Monmouth Hotel, Spring Lake
 June 19-20 Vermont, Equinox Hotel, Manchester
 June 19-21 Maine, Poland Spring House, Poland Spring
 June 25 New York, Monmouth & Essex & Sussex Hotels, Spring Lake, N. J.
 July 23-25 West Virginia, The Greenbrier Hotel, White Sulphur Springs
 Aug. 9-21 Colo. School of Banking, Univ. of Colo., Boulder
 Sept. 10-12 Maine Savings Banks, The Balsams, Dixville Notch, N. H.
 Sept. 17-19 Massachusetts Savings Banks, Wentworth-By-The-Sea, Portsmouth, N. H.
 Oct. 8-10 Connecticut, The Greenbrier Hotel, White Sulphur Springs, W. Va.
 Oct. 11-12 Nebraska, Sheraton Fontenelle Hotel, Omaha
 Oct. 16-17 New Hampshire (Fall Meeting), Mount View House, Whitefield
 Oct. 16-21 New York Savings Banks, S. S. Nieuw Amsterdam, Cruise to Bermuda
 * Joint meeting

Other Organizations

- April 15-18 NABAC Southern Regional Convention, Roosevelt Hotel, New Orleans, La.
 April 27-29 Independent Bankers Association, Sheraton Hotel, Philadelphia, Pa.
 April 27-29 NABAC Eastern Regional Convention, Deauville Hotel, Miami Beach, Fla.
 May 11-13 NABAC Northern Regional Convention, Municipal Auditorium, Sioux City, Ia.
 July 19-Aug. 1 NABAC School for Bank Auditors and Comptrollers, Univ. of Wisc.
 Sept. 21-23 NABAC 35th Annual Convention, Statler Hotel, Boston, Mass.
 Sept. 21-24 46th Annual Convention, Mortgage Bankers Assn., Hotel Commodore, New York City
 Sept. 23-25 Annual Convention, National Association of Bank Women, Milwaukee, Wis.
 Oct. 4-7 Robert Morris Associates, Annual Fall Conference, Edgewater Beach Hotel, Chicago, Ill.

All banking associations are invited to send in dates of their forthcoming meetings for this calendar.

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Shown is an actual bank installation of Open Shelf Filing for the housing of Credit Files.

Better Methods and Systems

(CONTINUED FROM PAGE 44)

Reports from credit agencies are good reference material, for they're an outside opinion of the credit risk and often reveal information not otherwise available.

Newspaper clippings about your customers are helpful. Review the public records for information about judgments, mortgages, or legal actions in which borrowers are involved. Include appraisals of real estate and accurate data about the customers' properties. There should also be a section for correspondence.

Information Sheet

Peoples National uses a current information sheet on which is typed brief information on everything put into the file. As interviews with customers disclose additional facts, they are added to the current history sheets. Important correspondence is briefed; so is a legal agreement or document. The disbursing of a loan is included, with short information about its terms and purpose. In short, the current history sheet provides users of the file with a quick view of a borrower's credit history. The file is circulated among the loaning officers so that all are familiar with current developments affecting any and all loans.

"The old system of the one-man bank in which the loan officer carried all the credit information in his head will not suffice today," says Mr. Rendle. "The best loaning officer is no better than the credit information upon which his loans are made."

Bank Crime Prevention

PREVENTIVE measures every bank should consider in an effort to thwart the robber, burglar, or thief were listed at the PBA meeting by Carl E. Hennrich, special agent in charge of FBI's Philadelphia office.

A good alarm system is invaluable. However, an alarm is only as good as it is workable, so periodic tests should be made. A noisy alarm is essential. One that sounds only inside the bank and wouldn't

attract outside attention is ineffective.

Place alarm buttons in such places as rest rooms and supply rooms where robbers might imprison employees. Wire the alarm to police headquarters, local protective agency, or perhaps an adjacent store.

Concealed cameras (movie or still) which can be activated when

a robbery begins can give invaluable help.

Some banks have concealed tape recorders, too.

Bank guards, trained and armed, are effective deterrents, but they should be well drilled, particularly in the use of firearms.

Indoctrinate the employees thoroughly to be alert for suspicious individuals "casing" the bank, and also to be "identification conscious." They should check carefully on workmen and repairmen; nobody unknown or unidentified should be in the bank before or after regular



How would you, personally, collect bills? Would you mail letters? Knock on doors? Get tough?

Why not try a painless, no-cost experiment. Call your local American Collectors Association representative and ask to have a man sent over. Talk to him. Ask questions. This man is a professional—impersonal and persevering as a policeman, yet filled with the dignity of jobs well done. He even guarantees his services. Either he collects or it doesn't cost you a cent.

Hire an ACA collector to salvage your investment—both in dollars and in public relations. You'll find ACA phone numbers listed in the Yellow Pages. Or write for complete information and a list of offices.

AMERICAN COLLECTORS ASSOCIATION, INC.

5011 Ewing Ave. So., Minneapolis 10, Minn.

A CONTINENTWIDE ASSOCIATION OF BONDED COLLECTION AGENCIES



hours, especially in the small towns.

Keep only a minimum of cash in tellers' cages. Each teller's cash box should have one bundle of bills whose serial numbers are recorded.

Whenever a teller leaves his cage all currency and securities should be removed from accessible places.

Avoid following established patterns in all banking procedures, such as the timing and routing of money transfers.

When closing the bank at night, be sure that everything is securely locked.

How about bulletproof glass for the tellers' cages, and a system of simple code words so that an employee can get help when he's suspicious of an individual?

Bank of New York's Data Processing Center

The Bank of New York has opened an electronic data processing center featuring IBM's 650 magnetic tape system. It will be used at first for mutual funds accounting, but other

applications are being planned or considered. The 20 pieces of equipment consist of 12 "on-line" and 8 "off-line" units. The complete system is housed in special quarters one floor below street level. A feature is the so-called "floating" floor which rests on pedestals seven inches above the regular floor, thus permitting ready removal for access to the machine-connecting cables.

"One Stop" Banking at Tulsa First

The First National Bank and Trust Company of Tulsa, Okla., has introduced a "ONEstop" banking system for savings. The passbook is eliminated, and customers can make deposits at any teller's window, filling out a slip for which he gets a receipt. Every six months the customer gets, by mail, a statement showing all deposits, interest payments, and withdrawals.

"Depos-o-matic"

The Farmers Bank of the State of Delaware reports that, under the direction of James B. Watson, assistant vice-president in charge of operations, it has perfected a new service, "Depos-o-matic." This provides each depositor with a plastic credit card with customer's name and number which can be operated in the bank in making a deposit or drawing a check.

Albert C. Simmonds, Jr., left, chairman of The Bank of New York, and Thomas J. Watson, Jr., president of International Business Machines Corp., examine the "floating" floor in the bank's new data processing center at the main office on Wall Street



J. G. Dickerson, Vice-President, Union Bank and Trust Company

"Doane 'Farming for Profit' helped our Bank's program succeed"

—says J. G. Dickerson, Vice-President,
Union Bank and Trust Company, Amelia, Va.

"Our bank has been sponsoring a county agricultural improvement project for a number of years," says Mr. Dickerson. "When we started, we were a one-crop area—tobacco. Now we have diversified to livestock and other field crops. 'Farming for Profit' has been one of the tools used to help us succeed with this program. Our clients tell us they use 'Farming for Profit' as a guide in their marketing and buying."

* * * * *

Doane "Farming for Profit" is an authoritative, easy-to-read bulletin that capsules the thinking of some of America's best agricultural brains into money-saving, money-making information that farm folks can use.

Bankers throughout America are using Doane "Farming for Profit" as the keystone in their service-type public relations programs to build bank business through sounder agriculture in their areas.

Write today for details on exclusive use of Doane "Farming for Profit"

Learn how little it costs to get exclusive rights to this unique service in your area. "Farming for Profit" is edited by Doane Agricultural Service, Inc., America's oldest and largest organization engaged in farm management and agricultural research.

DOANE

AGRICULTURAL SERVICE, INC.

5142 Delmar Boulevard

St. Louis 8, Missouri





BANK OF MONTREAL

Founded in 1817

CONDENSED GENERAL STATEMENT

October 31st, 1958

ASSETS

Cash on hand and due from banks and bankers	\$ 271,232,327
Cheques and other items in transit, net	264,686,094
Government of Canada and Provincial Government Securities, at amortized value	1,004,904,111
Other securities, not exceeding market value	225,014,451
Call Loans	160,304,529
	<u>\$1,926,141,512</u>
Commercial and other loans	1,084,843,075
Mortgages and hypothecs insured under the National Housing Act, 1954	171,371,272
Bank Premises	40,887,524
Customers' liability under acceptances, guarantees and letters of credit, as per contra	47,828,101
Other Assets	6,717,070
	<u>\$3,277,788,554</u>

LIABILITIES

Deposits	\$3,038,349,556
Acceptances, guarantees and letters of credit	47,828,101
Other Liabilities	16,044,937
Capital authorized — 7,500,000 shares of \$10 each.	<u>\$ 75,000,000</u>
Capital paid-up	<u>\$ 54,000,000</u>
Reserve Account	120,000,000
Undivided Profits	1,565,960
	<u>175,565,960</u>
	<u>\$3,277,788,554</u>



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Bank of Montreal (San Francisco)
333 California Street
Albert St. C. Nichol, President

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European Representative's Office
No. 10, Place Vendôme
Paris, 1er

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WHICH WAY TO ASWAN?

Chances are, just a few years ago, that only a geographer could have answered. But today, almost anyone can give the correct reply: To arrive at Aswan, you have to go to Egypt and ascend to the upper reaches of the Nile. Nasser wants to build a dam there.

This growing knowledge of far-off places reflects America's increasing interest in foreign countries, both politically and economically. At least we find this so in our own bank, where we are constantly receiving inquiries about other nations or are helping companies to transfer funds into and out of the United States.

Of course, we have been at this business for quite some time now—fifty-four years to be exact—so we can generally solve whatever problem is presented to us, although occasionally it takes some doing. But we have discovered, on talking it over with a few of our banker friends, that some of them are

running into difficulties. Not having had previous demands for foreign service, they are not equipped to give it. And that's where we come in.

You see, one of our ideas in helping our correspondents is to make available to them all the departments of our bank, not just a few specialized ones. So when a correspondent comes to us with a foreign trade problem, we put our Foreign Department to work on it right away. In fact, as one of our correspondents said to us the other day, "It's just like having a Foreign Department of my own without any of the overhead!"

So if you have any customers that are interested in trading abroad, why don't you give us a call. The likelihood is that we will know the answers to their questions right off. And if not, we will dig them up for you. For this is all part of our philosophy that each correspondent bank deserves from us complete service.

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CAPITAL & SURPLUS \$250,000,000

PITTSBURGH, PENNSYLVANIA

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

British Banks Tap Consumer Credit Vein

—and Do Jolly Well

BRITISH banks do not wear welcome mats," observes Margaret Moreau Willett, American wife of an Englishman, now residing in Helsby, Cheshire. "There are no friendly invitations to come in and discuss your financial problems with your family bank representative. They don't want to lend you money if they can help it, this being in part the national policy of restricting credit. Nor do they make much effort to humanize banking or to explain its workings. Banks are superior institutions. But the mighty begin to unbend."

Relaxed Restrictions Rest Responsibility on Banks

At the end of October, all government restrictions on credit in Great Britain were discontinued, completing a relaxing of credit restrictions that was begun in September. Liberalization of credit and other financial services for England's masses now rests squarely on the shoulders of the banks of Britain, which, since August, have proved themselves to be no "squares."

This summer's loosening of credit regulations precipitated the offering by the banks of new, easier-to-get-and-pay-for personal loans . . . unsecured, and repayable in monthly instalments. Following that unprecedented liberalization of bank practices came the offer by Midland Bank of checking service for the average wage-earner, another unheard-of unbending of strictly structured British bank services.

The traditional, aloof British bank attitude—that of an institution that did not invite business, but rather one that business sought out—is doing a slow about face, and offering new services to Britons of all classes. The final, complete dropping of government credit restrictions implies approval on the part of the powers-that-be of the results of these more liberal attitudes, at least in the field of credit.

"Hire-purchase" finance firms have, of course, also been given a

free hand by this lack of regulation of their commodity. However, along with dropping of consumer restrictions, regulations concerning the investing of bank funds in hire-purchase firms were also discontinued, and banks moved quickly to acquire interests in the larger of these firms. As a result, many of the major hire-purchase firms have as a principal stockholder one of the 11 great banks of the country. Bank influence should, it would seem, keep the policies of these firms in line with those of the banks themselves. Some firms, however, quickly cut interest rates in competition with the banks.

The new personal loan plans were reportedly received enthusiastically, and Midland Bank, since first making its England-shaking announcement of instalment loan service in August, has made thousands of such loans. Midland's brochure, couched in "soft-sell" sales terms that are shockingly "hard-sell" for a British bank, emphasizes the fact that for

these loans there is needed "no security of any kind, and certainly not in the form of goods purchased." Although this bank first offered loans in amounts up to £500 at an effective rate of 9% (insured), it has since seen fit to raise the limit to £1,000. About half of these loans, incidentally, are said to be for automobile purchases. Barclay's Bank has also offered this service, although its offer is made as an announcement, rather than as an "understanding invitation," as is Midland's. Many eyebrows were raised, says Mrs. Willett, when Midland released a leaflet discussing "everybody's problem"—the need to incur some sizable, exceptional expenditure "when one's bank balance is slightly substandard."

The Personal "Cheque": A Prestige Symbol

The Briton's attitude toward personal checks, also being offered to the general public by Midland, is reflected in that bank's brochure: "The very possession of a cheque book these days is a sign that you're someone who means to get on, someone who's out to get the very best out of life. In fact, it's a definite social asset." You have to be a regular bank customer as well, but if you are, you can open your checking account and have a cover em-



News from major British banks that they were willing to offer instalment loans up to £500 to their customers without demanding security triggered cuts in "hire-purchase" interest rates as offered by some retailers. Here, passers-by study the announcement of lowered hire-purchase interest rates in the window of a London store

bossed with the arms of the bank for your check book. A book of 10 checks costs about 70 cents, and no minimum balance is required. A twopenny revenue stamp is required on each check, so that each check actually costs about a nickel. This is the first offering of a checking account to millions of people with limited need for bank services, who up until now had no checking service available to them.

Banking for the masses . . . accepted as a matter of course here . . . is on its way in the British Isles.

To return to the observations of Mrs. Willett as they appeared in the Flemington, N. J., *Democrat* Oct. 2: "This new 'banking for all' scheme is an effort to attract working class patrons to the prestiged portals of the banks. Midland is even going so far as to advertise this new accounts system on commercial television. And the other banks are following suit, though perhaps not so far as commercial television.

When Conservatives Compete, Who Knows What's Next?

"And so, competition reasserts itself in dignified British banking. They've stooped to personal loans for the middle classes and cheque books for the working classes; the welcome mat may come next."



"Sir, personally I don't have a reasonable stability of aggregate capital margin as measured by the relationship of total capital accounts to total assets!"

Main Street

(CONTINUED FROM PAGE 30)

FARMERS AND MERCHANTS BANK, Highland, Ill., celebrates 50th anniversary.

NATIONAL CITY BANK of Cleveland, Ohio, opens North Olmsted office.

BIRMINGHAM (Ala.) TRUST NATIONAL BANK plans new branch in Vestavia Hills, to open in early spring.

OLD KENT BANK AND TRUST COMPANY, Grand Rapids, Mich., opens branch in Town and Country Shopping Center.

SOUTHWEST BANK, Los Angeles, Calif., opens La Cienega - Rodeo Branch.

FIRST NEW HAVEN (Conn.) NATIONAL BANK opens Allington branch in West Haven.

CHASE MANHATTAN BANK plans banking office in Johannesburg, South Africa; makes application to authorities to establish domestic corporation in South Africa, to conform with South African regulations, to be named CHASE MANHATTAN BANK OF SOUTH AFRICA, LTD.

GUARANTY BANK AND TRUST COMPANY, Florence, S. C., opens new home office.

GRAYSON COUNTY STATE BANK, Sherman, Tex., starts construction of new building. Target, late 1959.

NATIONAL BANK OF MALVERN opens branch in Paoli, Pa.

PEOPLES NATIONAL BANK, Brooklyn, N. Y., observe 50th anniversary.

SECURITY TRUST COMPANY of Rochester, N. Y., opens new Westgate office.

BANK of GREENSBORO, N. C., opens new Spring Garden Street branch.

ROOSEVELT SAVINGS BANK starts construction of Marine Park office, Avenue U and Nostrand Avenue, Brooklyn, N. Y.

Fourteen branches have been acquired and are scheduled for early 1959 opening as offices of BANK OF

Banker Cracks Safe for \$1,700

LINCOLN BANK AND TRUST COMPANY, Louisville, Ky., which unwittingly has been harboring a cracker-jack safe-cracker in its bosom, has proudly announced that he's cracked a safe and successfully made off with \$1,700.

Earl R. Stark, assistant branch manager at the bank's Fourth and Oak branch, who is the safecracker we have in mind, has never, of course, practiced this talent on bank property. He has, however, been following a 500-lb. safe from shopping center to shopping center, as it was moved by Louisville radio station WTMT as part of their safe-cracking contest. Clues were given out over the air. Mr. Stark's successful attempt at breaking the combination put the number of tries at just under 35,000, and his loot was in the amount of \$1,700.

This new-found talent, contrary to probable first impressions, has made him no less valuable to Lincoln Bank and Trust.

LONDON AND MONTREAL, newly-formed Caribbean area affiliate of BANK OF MONTREAL AND BANK OF LONDON AND SOUTH AMERICA. Locations extend over Colombia, Ecuador, El Salvador, Guatemala, Nicaragua, and Venezuela; premises also acquired for branches at Kingston, Port-of-Spain, Trinidad, Jamaica, are set to open in early 1959.

PEOPLES BANK AND TRUST Co. merges into NATIONAL STATE BANK, Elizabeth, N. J., becomes their Westfield office.

ROME (N.Y.) TRUST COMPANY merges into ONEIDA NATIONAL BANK AND TRUST COMPANY OF UTICA, N. Y., becomes Rome Trust Branch.

BANCO DA LAVOURA DE MINAS GERAIS, largest Brazilian private bank, opens service center in New York City.

Construction starts on new GULF COAST NATIONAL BANK, Alameda, Tex.

WACHOVIA BANK AND TRUST COMPANY, Winston-Salem, N. C., merges with WILMINGTON SAVINGS AND TRUST COMPANY.

FIRST UNION NATIONAL BANK OF NORTH CAROLINA, Charlotte merges with BANK OF LENOIR and with UNION NATIONAL BANK OF LENOIR.

BANK OF PASSAIC (N. J.) AND TRUST COMPANY becomes BANK OF PASSAIC AND CLIFTON.

GUARANTEE TRUST AND SAFE DEPOSIT COMPANY, Shamokin, Pa., purchases FIRST NATIONAL BANK of Elysburg, Pa.

STATE TRUST COMPANY, Hendersonville, N. C., merges with NORTH-WESTERN BANK.

NATIONAL BANK OF CATO, N. Y., merges into LINCOLN NATIONAL BANK AND TRUST COMPANY of Syracuse, N. Y.

BANK OF MALVERN, Pa., opens new Paoli branch.

HIGHLAND NATIONAL BANK OF NEWBURGH, N. Y., opens new, modern bank building.

AMERICAN TRUST COMPANY, San Francisco, starts construction on new 12-story, block-long, 2-unit headquarters building. Target dates: first unit, spring, 1959; second unit, early 1961.

NATIONAL BANK OF WASHINGTON (D.C.) opens Chevy Chase branch on Connecticut Avenue N.W.

Newly-organized BANK OF PARK RIDGE, Ill., opens for business.

CLOSTER NATIONAL BANK AND TRUST COMPANY opens new Northvale, N. J., branch.

CLEVELAND (Ohio) TRUST COMPANY opens its 68th banking office.

EAST RIVER SAVINGS BANK and MARINE MIDLAND TRUST Co. are both operating offices in a new 31-story office tower under construction in Manhattan.

SADDLE BROOK (N.J.) STATE BANK formally opens for business.

BEACH HAVEN (N.J.) NATIONAL BANK AND TRUST Co. opens new Manahawkin office.

FIRST NATIONAL BANK OF STEWARTSTOWN, Pa., merges into FIRST

NATIONAL BANK AND TRUST COMPANY of Red Lion.

Merger, pending approvals: CLINTON TRUST COMPANY, New York City, with its four branches, merges into CHASE MANHATTAN BANK.

Merger, pending approvals: NORTH AMERICAN BANK COMPANY into CENTRAL NATIONAL BANK OF CLEVELAND.

CENTRAL VALLEY NATIONAL BANK opens temporary Sacramento office, pending completion of permanent quarters in spring, 1959.

BANK OF MONTREAL opens Thompson, Man., Canada branch, to serve nickel-mining community 400 air miles east and north of Winnipeg.

WEST PENSACOLA (Fla.) BANK opens new bank building.

CROCKER-ANGLO NATIONAL BANK, San Francisco, opens new Manchester shopping center branch.

FIRST NATIONAL BANK of LAFAYETTE, La., opens its new Southside branch.

BETHEL (Conn.) NATIONAL BANK merges with FAIRFIELD COUNTY TRUST COMPANY, Stamford, Conn.

FIRST STATE BANK of CALUMET CITY, Ill., opens for business.

Merger pending approvals: TULARE COUNTY NATIONAL BANK, Visalia, Calif., into SECURITY-FIRST NATIONAL BANK, Hollywood, Calif.

CLEVELAND (Ohio) TRUST COMPANY opens branch on Puritas Avenue.

CENTRAL-PENN NATIONAL BANK of PHILADELPHIA opens Lancaster Avenue branch.

COMMERCIAL AND SAVINGS BANK, Winchester, Va., opens North Loudoun Street branch.

RHODE ISLAND HOSPITAL TRUST has had to add a big sign saying "Bank" below its name in front of its Newport Naval Base branch. Seems that new men on the base kept mistaking it for a medical facility and reporting there for shots and medical attention.

So You Say Your Name Is Jones . . .

Don't kid around with a good old American name like Jones—you never know when you're going to be face to face with a man who owns that monicker.

As a case in point, a salesman for a check-printing firm recently made a call on a branch of Security-First National Bank in Granada Hills, Calif. He drew up a sample form for a fictitious Joe Jones, 16900 Devonshire, Granada Hills, Calif. By mistake, this sample form was mailed to the printing firm as an order, printed, returned to the bank, and a secretary then sent a notice to fictitious Joe Jones to let him know that his checks were ready to be picked up.

Pandemonium took over when a very unfictitious Joe Jones, address 16940 Devonshire, came in to the bank to say he had not only ordered no checks, but was not even a bank customer. Before long the situation made itself clear, with the result that the real Joe Jones replaced the fictitious one as a bank customer.

How about a try at the Smiths?

FIRST WESTERN BANK AND TRUST COMPANY, San Francisco, opens new Oakland main office quarters.

SUMMIT (N. J.) TRUST COMPANY opens new extension to its main building.

FIRST BANK AND TRUST COMPANY, Madison, N. J., merges with MORRISTOWN TRUST COMPANY. New name: TRUST COMPANY of MORRIS COUNTY.

MERCHANTS AND SAVINGS BANK, Janesville, Wis., completes expansion and modernization program and holds Sunday afternoon open house.

JEFFERSON (Wis.) BANK celebrates its 100th anniversary.

UNION BANK, Erie, Pa., opens State Street branch.

WHITNEY NATIONAL BANK, New Orleans, La., celebrates 75th anniversary.

MERCHANTS AND FARMERS BANK, Cavalier, N. Dak., becomes FIRST MERCHANTS AND FARMERS BANK of CAVALIER.

CONTINENTAL NATIONAL BANK of LINCOLN, Nebr., moves into new, ultra-modern building at 11th and "O" Streets.

Washington

(CONTINUED FROM PAGE 36)

eliminate Government services which are no longer needed to serve the purposes for which they were enacted."

Mr. Stans was eloquent in these paragraphs which went to the heart of the Federal Government's fiscal problems:

"We need a financial policy, in and out of Congress, which comes clean with the American people. If we can't afford what some special group asks, we should say so.

"If one group of our citizens has grown accustomed to benefits which are out of all proportion to reality, we should scale those benefits down. If we cannot carry out the wishes of the majority within the taxes they are paying, we should show

them the additional taxes they will have to pay.

"If the country wants protection in a world of tension and danger, it will have to be shown the price that must be paid and the sacrifices that must be made."

Mr. Stans was concerned about the threat of inflation as a consequence of deficit financing during a period of vigorous economic recovery and pointed out: "We just cannot satisfy all the demands for Government spending and still balance the budget within foreseeable revenues."

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One of the nation's leading management consulting firms has been expanding its data processing activities in various industrial fields, including that of banking. Growth opportunity has developed on its professional staff for a systems specialist experienced in bank automation and who has knowledge of medium and large scale computers and computer systems. Consulting position requires ability to analyze and recommend solutions to a wide variety of operating problems. Ability to deal effectively with top management is essential. Potential exists for personal development beyond EDP field. Salary open. Please send complete resume. All replies held in strict confidence.

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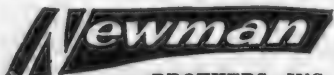
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Broaden the Tax Base?

On the tax side Mr. Mills' speeches, one of them to the National Association of Mutual Savings Banks, showed something of the thinking being developed in the studies conducted by the House Ways and Means Committee.

Mr. Mills questioned the advisability of increasing present rates of taxation on the present tax base and he was unable to say when there could be tax reduction. Rather than reductions, Mr. Mills talked about broadening the tax base in the sense of "a more uniform application." He also said that "the removal of some special deductions and preferences and an increase in rates on some specially favored income" could provide a great deal of revenue.

Noting the need to encourage investment, Mr. Mills declared: "Implicit in this, for example, is the need to review the rates of progression in our income tax brackets. We will also want to re-examine such things as the period of time over which capital outlays can be recovered out of profits before taxes."

At a later point, however, he pointed out that "moderate and realistic progression in an income tax system is essential to fairness between taxpayers." This followed his acceptance earlier in his talk of the principle of taxation according to the ability of the taxpayer to pay.

Mr. Mills was opposed to a general Federal sales tax at this time. He expressed the hope that it will be possible for the committee "to take action in the development of a permanent formula for the taxation of life insurance companies and to consider modifications in the tax treatment of cooperatives."

As he saw his committee's pro-

gram for the first session, it will be in the selection of areas and topics for what will ultimately result in a broad-scale revision of our tax system, including the base. In other words this will be a study for legislation which will probably be passed in 1960.

Mr. Mills had a special message for mutual savings banks which is summarized on page 105.

A.B.A. Legislative Support

Instead of attempting to run the gauntlet of the legislative mill with another 1-package Financial Institutions Bill, the A.B.A. will favor separate bills which the bank supervisory agencies are expected to initiate. The association will strongly favor such provisions as the elimination of the mandatory right of cumulative voting in the election of directors of national banks, amending the laws governing real estate loans and certain commercial loans by national banks, vesting of authority over bank mergers in the appropriate Federal bank supervisory agency, forbidding nonbank institutions to represent themselves as banks, and setting statutory limitations (CONTINUED ON PAGE 121)

Today's children don't think much of anyone who can't spell a word two or three different ways.

Puppy love is one of the few things that can reconcile a boy to washing his ears.

Famous last words: "No woman is going to tell me what to do."

There is always room at the top because some persons who get there go to sleep and roll off.

A woman doesn't make a fool of a man but she often directs the performance.

A tourist is a person who changes the car oil every four days and his shirt once a week.

Some people keep you so busy listening to their troubles that you haven't time to worry about your own.



ARE YOU LOOKING TOWARDS PERU...?

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(CONTINUED FROM PAGE 119)

tions on the branching powers of Federal savings and loan associations.

New "Wage-Hour" Tests

Bank employees will be included in new salary tests, effective February 2, for white-collar exemption under the Federal Wage-Hour Law. To be exempt from the act's minimum wage and overtime provisions an executive employee must be paid a salary of at least \$80 a week instead of the \$55 now required. Administrative and professional employees, to be so exempt, must be paid at least \$95 a week instead of \$75, as at present.

The Labor Department announcement emphasized that the regulations do not require employers to pay these salaries and that the new salary tests are for exemption purposes only. But close on that it pointed out:

"If an employee who is covered by the act does not meet the salary tests, as well as the duties and responsibilities tests, he does not qualify for the exemption. In such a case the employer may of course continue to pay the employee on the basis of a salary, but the act's minimum wage and overtime pay requirements must be met, unless some other statutory exemption is applicable."

Teaching Thrift a "Must"

In a talk on public relations that could very well be the opening

chapter of an excellent text on the subject Governor Ira Dixon of the Federal Home Loan Bank Board urged the savings and loan industry to reach young people as "those who most need to acquire the saving habit."

Speaking at the 66th Annual Convention of the United States Savings and Loan League in San Francisco, Mr. Dixon asked significantly:

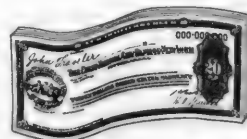
"Are associations seeking to promote thrift or merely trying to attract money that is already saved?"

"If the industry in the next quarter-century is to enjoy the prosperity it has experienced over the past 25 years, its members must not be satisfied with merely maintaining or increasing their share of a relatively static volume of savings and mortgage lending activity.

"Instead, they must expand their thrift and home financing functions to serve that vast segment of the population which would not, under ordinary circumstances, be either savers or home buyers."

At the same convention Chairman Albert J. Robertson pointed out that savings and loan associations "have been financing over one-third of all homes being bought in this country."

Mr. Robertson added that the industry's growth has been "horizontal as well as vertical." He explained that besides growing in dollar volume and number of share holders, there has been a steady increase in the number of associations and branches.



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- Prompt refund if lost or stolen.
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- You keep 90% of the selling commission—and remit 10% to us!

Eager!

EVEN before the first small business investment company was licensed a trade association for these companies was organized. The National Association of Small Business Investment Companies was set up December 3 in New York.

Wendell B. Barnes, administrator, Small Business Administration, facetiously referred to NASBIC the previous day in a talk before the American Management Association in New York. He said:

"I must confess that when I first heard about this association I felt it would be comparable to a group of expectant mothers forming a PTA."

Both Charles M. Noone and Ben Stern, respectively tax and public relations counsel for NASBIC in Washington, chuckled at the jibe. Mr. Noone, a former FBI agent now practicing law, said the association will be a clearing house for information on the implementation of the SBIC Act and will represent investment companies in appearances before Congressional committees.

A banker was named president. He is Thomas L. Grant, Jr., a senior vice-president and senior trust officer, First Union National Bank of Charlotte, N. C.

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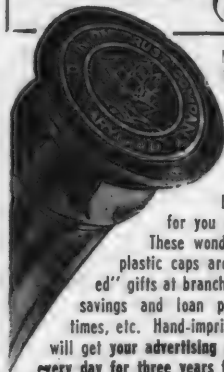
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Agreement on Magnetic Ink Check Character

FINAL agreement has been reached on a printed character shape known technically as E-13-B for the magnetic ink character recognition common machine language for checks, the American Bankers Association announced last month.

The action was taken at a joint meeting of the Technical Committee on Mechanization of Check Handling of the A.B.A.'s Bank Management Commission; the Office Equipment Manufacturers' Committee and its Technical Subcommittee; representatives of the bank check printing industry; and liaison officers of the Federal Reserve System, held in New York on December 15-17.

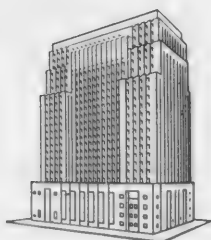
The decision, which moves the A.B.A.'s check mechanization program of common machine language to reality, is regarded as one of the most important events in the history of bank operations.

Said the A.B.A. Technical Committee in announcing the agreement:

"The Technical Committee's work during the past five years has provided a vehicle for intercompany cooperation by highly competitive organizations, unlike anything conceived heretofore. This printed character shape has been designated only after many man-years of research and development by the various organizations concerned. The decision will have a far-reaching impact on banks' check handling problems for many years to come. The evolution of the common machine language concept is one of the most significant contributions ever made to the banking industry."

The Committee will endeavor to publish the final report on the common machine language by mid-February 1959. It will contain dimensional specifications for the printed image of the E-13-B characters, horizontal and vertical field boundaries, minimum and maximum check sizes, and printing tolerances. It will also contain information concerning 'measuring devices' which may be used to verify the dimensions and quality of the printed character, together with guides to printing.

John A. Kley, executive vice-president, The County Trust Company, White Plains, N. Y., is Committee chairman.



127th Annual Statement

The BANK of NOVA SCOTIA

ESTABLISHED 1832

C. SYDNEY FROST
President

F. WILLIAM NICKS
Vice-President and General Manager

CONDENSED STATEMENT OCTOBER 31, 1958

<i>Assets</i>	1958	1957
Cash clearings and due from banks	\$ 247,872,764	\$ 193,546,011
Canadian Government securities at amortized value	338,901,444	220,021,516
Canadian Provincial Government securities at amortized value...	19,116,993	4,837,480
Other bonds and stocks, not exceeding market value	109,072,822	93,993,947
Call loans (secured)	133,136,698	141,498,363
Other loans and discounts (less provision for estimated loss)	797,867,038	659,702,434
Customers' liability under acceptances and letters of credit (as per contra)	31,253,962	19,780,600
Bank premises	18,289,450	16,008,850
Controlled companies	6,419,206	5,325,787
Other assets	2,094,616	646,177
	<u>\$1,704,024,993</u>	<u>\$1,355,361,165</u>

<i>Liabilities</i>	1958	1957
Deposits	\$1,595,474,227	\$1,260,611,795
Acceptances and letters of credit outstanding	31,253,962	19,780,600
Other liabilities	6,011,237	4,964,680
	<u>\$1,632,739,426</u>	<u>\$1,285,357,075</u>

<i>Shareholders' Equity</i>		
Capital paid-up	\$18,000,000	\$18,000,000
Reserve Account	52,400,000	50,400,000
Undivided profits	885,567	1,604,090
	<u>71,285,567</u>	<u>70,004,090</u>
	<u>\$1,704,024,993</u>	<u>\$1,355,361,165</u>

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New York

World Is Watching U. S. Economy, Says Lee Miller

"THE world is watching us!" Lee P. Miller, president of the American Bankers Association, warned in an address in Tucson, Ariz.

"If production is the final answer to our problem of national security," Mr. Miller said, "we cannot afford to tolerate interference with its effectiveness. This is the crucial point at which the threat of inflation comes into play. If the budgetary situation is interpreted as a symbol of inflation, its impact upon the ability of our productive machine to operate with increasing efficiency cannot be ignored. One might well pose the question whether the distortions already created by past inflationary pressures are not, to a significant degree, responsible for the fact that some sectors are now operating below capacity.

Europeans Wary About Inflation in U. S. A.

"It is no wonder, then, that other nations—such as those in the Organization for European Economic Cooperation—have recently been warning us about the importance for taking effective measures against the danger of potential inflationary developments. They know through experience that inflation hinders production and saps the strength of an economic system. They know that a people has to do more than give lip service to the desire to beat down inflation. They know that it is imperative to subordinate special interests and group pressures to the general welfare of all the people. And they know that the fiscal position of the Government is the yardstick by which success in that respect is measured."

Continuing, Mr. Miller said that bankers must do their part "to carry forward the message that both individuals and groups have undeniable responsibility for sound Federal fiscal action. It is downright folly for any group—whether it be politicians, economic pressure group,

or otherwise—to believe that this responsibility can be compromised or avoided. . . .

"Moreover, we bankers recognize that unwise private deficit financing can pose just as important a threat to stability and soundness of our currency as Federal deficit financing. The distortion of the productive mechanism through unsound use of credit can proceed from the private sector of the economy as well as Government. . . .

Banking Policies Are Daily Being Put to the Test

"Organized banking, speaking through the American Bankers Association and other organizations, has repeatedly voiced its support of flexible monetary and credit policies. Yet we would be shortsighted if we were to stop there. It is one thing to accept a banking environment created for us by prevailing monetary policy. It is another to interpret that environment constructively through policies and actions that contribute to its effectiveness toward attaining the goals of economic stability and growth. The policies of every banker—indeed every lender—are daily being put to the test. They involve the fundamental question whether credit is being used to foster national security in the long run, or whether it is being employed as an instrument of instability, retarding economic growth and progress and thus weakening our national security.

"In the administration of our credit policies, therefore, we bankers must take the lead in combating inflationary psychology. It should continue to be clear to us that inflation in the future is not inevitable, as some irresponsible elements would have the public believe."

Too many persons use religion like a spare tire—only in emergencies.

Sometimes we forget that it isn't the whistle that pulls the train.

What Yardstick?

(CONTINUED FROM PAGE 37)

A 1956 A.B.A. survey of actual costs in a representative group of larger banks carefully selected for their cost analysis studies resulted in the following median cost figures:

Maintenance, per month\$615
Deposit tickets155
"On us" checks:
Average050
Cashed-over-counter123

Transit or remittance items:
(Out of town checks)
Average021
Cashed-over-counter097
Deposited015

Local clearing items:
Average017
Cashed-over-counter094
Deposited010

A comparison of the above cost data with the survey information covering service charge plans and rates in use is, in the writer's opinion, clear proof of the thesis that data representing average income from service charges should be recognized for what they actually are and not as being representative of results accruing from sound service charge plans and policies.

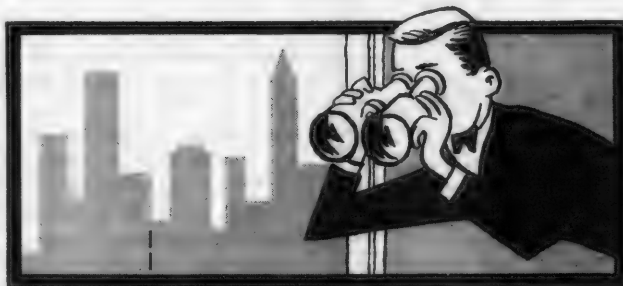
What, then, is the proper yardstick for bankers to use? There is but one yardstick, and that is a cost analysis of the individual bank and a comparison of those results with costs for banking in general. This will make certain that the individual bank's costs are not out of line, indicating a need for updating methods and procedures and increasing efficiency.



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NATION'S
FASTEST
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	1947	1957
Population (U. S. Census Est)	653,000	1,136,000
Employment (Non Agr)	144,100	267,100
Motor Vehicles Registered	208,423	537,516
Telephones in Service	110,481	310,912

And in 1957, MANUFACTURING took over as the major source of Arizona income, as the advantages of humidity-free climate, labor pool, transportation, distribution and tax-structure began to impress modern industry.

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Famed Union Jack To Be Displayed in Banks

THE historic Union Jack flown into port by the United States Nautilus (SS (N) 571) submarine after completing its historic trip beneath the North Pole ice cap will be displayed in banks during 1959.

Bankers in attendance at the American Bankers Association convention in Chicago will recall that this Union Jack was given to the A.B.A. by Treasury Secretary Robert B. Anderson. The award was accepted by Joseph C. Welman, retiring president. Secretary Anderson's presentation was symbolic of the U. S. Treasury's appreciation to all bankers for their splendid cooperation and assistance in the promotion and sale of Savings Bonds.

Accompanying the Union Jack on its tour of banks are statements by the Secretary of the Navy Thomas S. Gates, Jr., and the Secretary of the Treasury. The former attests to the Union Jack's being flown on the historic trip, while Secretary Anderson's expresses the Treasury's appreciation to bankers and reminds "us all of the close link between National Defense and the sale of Savings Bonds to help build America's power for peace."

The framed Union Jack and the accompanying framed letters will be shown at the following banks during the next four months:

VIRGINIA: Arlington Trust Co., Inc.; Alexandria National Bank; First National Exchange Bank, Roanoke; State Planters Bank of Commerce and Trust, Richmond; and National Bank of Commerce, Norfolk.

NORTH CAROLINA: Security Na-



Reno Odlin, president, Puget Sound National Bank, Tacoma, and chairman of A.B.A. Savings Bond Committee (left), discusses Treasury's bond selling program with Secretary of the Treasury Robert B. Anderson and Under Secretary Julian B. Baird

tional Bank, Greensboro; American Commercial Bank, Charlotte; and Wachovia Bank and Trust Company, Winston-Salem.

SOUTH CAROLINA: First National Banks of South Carolina, Columbia and Charleston; The South Carolina National Bank, Greenville, and Citizens and Southern National Bank of South Carolina, Spartanburg.

GEORGIA: Georgia Railroad Bank and Trust Company, Augusta; National City Bank of Rome; First National Bank and Trust Company, Macon; Fulton National Bank, First National Bank of Atlanta, and Citizens and Southern National and Trust Company, Atlanta.

The Union Jack was displayed during December in the National Savings & Trust Company in Washington, D. C., where it attracted much interest and attention. Upon its return from its tour of banks, the Union Jack and the letters will be berthed permanently in the New York office of the A.B.A.

Left to right: Ivy Baker Priest, Treasurer of the United States; Commander Robert D. Quinn, director, Civil Relations Division, Office of Information, Navy Department; Lt. Commander Louis S. Berry, Projects Division with Assistant Secretary of Defense for Public Affairs; and Bruce Baird, president, National Savings and Trust Company. It was Commander Quinn's idea that the flag be made available to be awarded by the Treasury to the nation's bankers



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Agency Bonds in Bank Portfolio

Here are comments on Federal Agency bonds as bank investments, made by C. Budd Heisler, vice-president, Central-Penn National Bank of Philadelphia at a Pennsylvania Bankers Association meeting. Mr. Heisler defined agency securities as those issued by corporations established by the Congress for specific purposes; the obligations are not guaranteed by the Treasury. In the category are: Federal Intermediate Credit Bank debentures (FICB's), Banks for Cooperatives debentures, Federal Home Loan Bank notes, Federal Land Bank bonds, and Federal National Mortgage Association notes and debentures (Fanny Mae's). Mr. Heisler reviewed each obligation, and then discussed some of the bonds' advantages.

FIRST, they return a significantly higher yield than comparable U. S. Treasury obligations. The spread in yields varies from time to time and in the very tight markets of the fall of 1957, the yield spread between U. S. Treasury and agency bonds of comparable maturities exceeded 100 basis points.

A second advantage of agency bonds is their availability in quantity in short term maturities to fit almost any plan of liquidity a bank might want. The quantity of agency bonds outstanding has increased substantially in recent years. On December 31, 1948, there were \$967,000,000 outstanding; in December 1953, \$1,214,000,000; and on November 3, 1958, there were \$5,803,000,000. They are also available in the intermediate and longer term maturities to a more limited degree for supplementing that portion of a bank's portfolio. Maturities available at present extend as long as 1972 and are available in almost every year in between with the exceptions of 1964 and 1967. Because of the emphasis on the shorter maturities new offerings are frequent and, in a downward bond market, enable a bank to take advantage of the change in interest rates.

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Kindly send free samples of your coin wrappers and bill straps as well as detailed information in connection therewith.

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Street.....
City..... State.....

"Brandt" and "Cashier" registered United States Patent Office and Canadian Trade Marks Office.

A third advantage of agency bonds is their marketability. These issues are traded daily by most U. S. Government dealers and quotations are readily obtainable. Spreads between the bid and ask quotations are usually narrow in the very short maturities but increase with the length of time the issue has to maturity.

A fourth advantage is quality. The record of these obligations has been excellent and though they are not direct obligations of the U. S. Treasury, there seems to be implied a

moral obligation to prevent default in case of emergencies. The programs which the agencies support are too important economically and politically to be dismissed lightly by Congress. In the case of FNMA particularly, the mortgages behind the obligations are further guaranteed by the Veterans Administration and the Federal Housing Administrator.

The main disadvantages are the fact that the agency bonds are considered as risk assets by the examiners

and therefore must be used to supplement U. S. Treasury obligations rather than replace them. A second disadvantage is the fact that income derived from these obligations is subject to the Federal income tax laws. This is no different from U. S. Treasury obligations, however, and short term tax free obligations, on the other hand, are not always available. A third minor disadvantage is that one may have to be patient to obtain substantial blocks of any one of these issues as they are popular and, once purchased, many buyers are reluctant to part with them.

Agency Bond Obligations

Summarizing some of the features of the Federal agency obligations:

They are not guaranteed by the U. S. Treasury; they are considered risk assets; they may be purchased without the 10% limitation applicable to most bonds; and they may be used to secure U. S. Government deposits. The FICB's with maturities under 6 months may be rediscounted at the Federal Reserve Bank in the same way that U. S. Treasury bonds may be. They are considered top grade obligations—income from them is taxable; they yield more than U. S. Treasuries; they are particularly attractive for banks not subject to the full 52% Corporate Tax.

"In my opinion the advantages of owning these obligations outweigh the disadvantages and I would not hesitate to recommend them as supplements to U. S. Treasury Bonds in the portfolio of any bank," Mr. Heisler concluded.

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We invite your inquiries.

Antonio Derka, General Manager

Capital paid-up	\$30,000,000 — Pesos Colombian.
Legal reserves	\$33,044,000 — Pesos Colombian.
Other reserves	\$ 6,590,000 — Pesos Colombian.

MIT

Dividend Announcement

Massachusetts Investors Trust

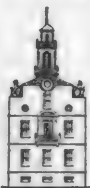
DECLARES ITS

137th Consecutive Dividend

10 cents a share,
from net income,
payable December
24 to shareholders
of record: November
28, 1958.

ROBERT W. LADD,
Secretary

200 Berkeley Street, Boston



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Laboratories

The Board of Directors has declared the following quarterly dividends, payable January 2, 1959, to shareholders of record Dec. 10, 1958:

- 45 cents a share, plus an extra dividend of 10 cents a share, on Common Shares.
- \$1.00 a share on Preferred Shares.



Consecutive
Quarterly
Dividend

November 28, 1958/North Chicago, Illinois

"For the bride's father . . . and how he needs it!"



New Books

MONTGOMERY'S FEDERAL TAXES, 1958. Ronald Press, New York. \$25. This is the 37th edition of the definitive handbook on the subject, edited by partners of Lybrand, Ross Bros. & Montgomery. It offers, "A clear and concise explanation of the provisions of the Federal tax law of importance in the field of business and estate planning." There are new chapters on determination of income tax on individuals, estates and trusts, and of estate and gift taxes. A change has been made with regard to citations: in addition to including full citations of applicable law and regulations, "the most definitive judicial authority or administrative ruling is cited where appropriate."

CONSTRUCTION ACCOUNTING AND FINANCIAL MANAGEMENT. By *William E. Coombs.* F. W. Dodge Corporation, New York. 490 pp. \$12.85. Called "the first book ever published that comprehensively treats accounting and financial control for the construction industry," this volume describes and recommends procedures in accounting and management. It was written primarily for the contractor. There are numerous checklists, forms, and reports.

SELECTION, TRAINING AND COMPENSATION OF OVERSEAS MANAGERS. Business International, New York, N. Y. 66 pp. \$36. Based on two questionnaires sent to major U. S. companies with large international operations, this volume shows how the corporations are developing and rewarding overseas management. One questionnaire covered policies on selection, training and compensation of executives stationed abroad. The second concerned how a single manager was selected and trained; his salary, bonuses, living allowances, and other incentives; and communications between him and the home office. Data were gathered between April and August 1958. Chase Manhattan, New York, was among the companies questioned.

HOW TO SELL BANK SERVICE BY DIRECT MAIL. By *R. E. Doan.* Bankers Publishing Company, Boston. 133 pp. \$6. All phases of the subject are covered, and examples of successful mail pieces are numerous, in this second edition of a book first published in 1956. Compilation of mailing lists, accurate record-keeping on prospects, avoidance of duplication, actual letters used by banks for special occasions, copy planning and writing, mechanical details, and preparation of miscellaneous direct mail pieces are covered.

THE JOB OF THE FEDERAL EXECUTIVE. By *Marver H. Bernstein.* Brookings Institution, Washington, D. C. 241 pp. \$3.50. This book is the result of Brookings' round table discussions in 1957. Participants included some Federal executives.

Monetary Statesman

BENJAMIN STRONG, CENTRAL BANKER. By *Lester V. Chandler.* Brookings Institution, Washington, D. C., 495 pp. \$6. As Brookings' president, Robert D. Calkins, points out in the foreword, Benjamin Strong was the central banker who, "perhaps more than any other, shaped and influenced" the Federal Reserve System during the formative 1913-1928 period. Professor Chandler of Princeton has written a biography that develops Mr. Strong's important contributions to American and European monetary policy and his influence on the shaping of the System as governor of the New York bank. The biographer had access to Strong's extensive unpublished correspondence and other papers, and to the recollections of many men who knew and worked with him. There are extensive quotations from letters and memoranda. Strong's relations to Norman Montagu and the Bank of England and his influence in Europe, told in some detail, provide illuminating footnotes to the history of World War I and the ensuing decade.

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For the Building Scrapbook



TOP, LEFT—The Zachary Taylor Office of the Citizens Fidelity Bank and Trust Company, Louisville, Ky. LEFT—New home of the Herget National Bank, Pekin, Ill. The main structure is built of reinforced concrete, with wall enclosures of aluminum, glass, and porcelain, and contrasting masonry facades. The lower level is considered to be bomb resistant



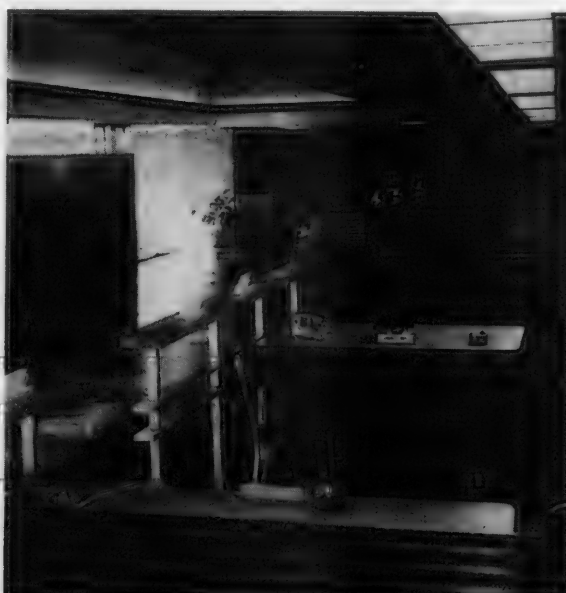
ABOVE, LEFT—Foothills Branch, First National Bank of Ontario, Upland, Calif. At the left is a walk-up teller window. (Designed by Bank Building & Equipment Corp.) ABOVE, RIGHT—Bordentown Ave. Branch, The First National Bank of Sayreville, N. J., has four drive-up and two walk-up windows. (Architect: Ernest Levine.) BELOW, LEFT—Vandercook Office, City Bank and Trust Company, Jackson, Mich. BELOW, RIGHT—The Lufkin (Tex.) National Bank has a terrazzo lobby floor in varying degrees of gold color from outer edges to central fountain. (Architect: Wilbur Kent.)



RIGHT—Kingsway Office of The East New York Savings Bank, Brooklyn, N. Y., is 102 feet in diameter. On the second floor are special banking facilities, dining rooms, lounges and locker rooms. (Architect: Lester Tichy.) **BELOW**—Fanwood Office, The Plainfield Trust Company, Plainfield, N. J., affords all-weather protection for drive-in customers. **BELOW, RIGHT**—National Bank of Commerce, Pine Bluff, Ark., which features a number of conference rooms and a public meeting room. Also a child-size water fountain



BELOW, LEFT—Main lobby, Citizens National Bank & Trust Company, Houma, La. Remodeling approximately doubled the bank's area. Four drive-up windows are provided, along with a 90-car parking area. Over the main entrance is a glass mosaic mural. **BELOW, RIGHT**—Interior of the Tennessee Street Office, Vallejo, Crocker-Anglo National Bank, San Francisco. Counters, partitions, check desks, and furnishings are of metal. (Architect: Beland and Gianelli.)



WHAT'S NEW

A NEW curtain wall with built-in air conditioning units has been announced by the Michael Flynn Mfg. Co., Philadelphia. Called the Lupton curtain wall, it is installed exactly like a conventional curtain wall and needs only an electrical connection to operate the air conditioning unit, eliminating the need for any separate construction, cooling towers, or ductwork and plumbing connections for air conditioning. 700 E. Godfrey Ave., Philadelphia 24.

★ ★ ★

A NEW AC/DC silk screen process stencil duplicator is announced by American Office Equipment Company. This Ideal Model "E" is electrically operated, and features semi-automatic cartridge inking, precision feed, and adjustable speed from 40 to 140 copies per minute. Color change is simplified by rubber ink distributing rollers which remain in place during the switch-over. All paper sizes from postcard to 13½" x 15" are accommodated without additional attachments. For those requiring fewer attachments, the Model "G" is available for hand operation. 24 East 21 Street, New York 10, N. Y.

★ ★ ★

A NEW lever assembly which makes possible the use of letter, legal, or memo-size stencils without masking, has been developed by the Rex-Rotary Distributing Corp., manufacturers of the D280 duplicator. The new parts which make up the assembly may be added to any of this firm's D280 duplicators. At a flick of a lever, the impression roller will disengage at the proper time for particularly short stencils or for legal-length stencils. Another easy-to-replace narrow roller is inserted for trouble-free printing of narrow-size paper or postcards. 387 Fourth Avenue, New York City.

★ ★ ★

IF you're looking for a way to speed up the analyzing of escrow accounts, here's a machine worth

knowing about. York Affiliates, Inc., manufacturers of the Lendix Escrow Analyzer, says that regular office personnel can quickly analyze up to 30 escrow accounts per hour with the Lendix. Each roll of tape is a record-place for approximately 250 analyses . . . any standard 10-key or full keyboard adding machine can be used. A specially made easel holds the computer section in place; easy portability and dust-free storage is assured through the use of a fitted carrying case. Address: P. O. Box 921, York, Pa.

★ ★ ★

A "WIDE-SCREEN" development in closed circuit TV has been announced by Crimson Color, Inc., who claim coverage of almost twice as much viewing area for their Scanscope system as is offered by standard TV equipment. The Scanscope wide-screen gives a broadened image



Scanscope Wide-Screen Control Model 9-500C; Unit Size, 24¼" x 18¼"

offering a viewing ratio of 7:3 rather than the standard 4:3. The Scanscope, which may be used for security and surveillance of the bank floor or any other area as well as for signature and balance verification systems, consists of camera, power supply and a control model, in addition to which "slave" monitors may be placed in viewing position remote from the control monitor. Further information may be obtained from Crimson Color, Inc., 381 Fourth Avenue, New York 16, N. Y.

BOOKLETS

AN *Insurance Guide for Bankers and Bank Customers* is offered as an aid toward helping bank customers attain a satisfactory credit position. Published by Employers Mutual of Wausau, Wis., the booklet covers a multitude of hazards to financial security, such as burglary, fidelity, public liability, and fire loss. The guide, available without cost on request, includes a check list of insurance coverages and a glossary of terms for use by bank personnel when processing loan applications, appraising collateral security, analyzing financial statements, or when acting in fiduciary or trustee capacities. For a copy of the booklet, write Employers Mutual of Wausau, Wausau, Wis.

★ ★ ★

OFFICIAL rates and import and export limits imposed on foreign monies are included in *Golden Hints for Going Places*, a folder offered just for the asking by Deak & Co., Inc. A checklist of travel needs for the American about to embark for foreign shores is also included. And it has information on pre-travel purchase of foreign currencies at advantageous rates, to be taken along at the start of your trip or delivered abroad. Write Deak & Co. at 75 West Street, New York 6.

★ ★ ★

BURROUGHS Corporation is supplying, without charge, a complete guide kit to banks installing electronic automation systems. In four-fold format, the kit contains materials necessary to introduce the new system to employees, personal account customers, business accounts and the community. In particular, one major problem is given thorough attention—that of bank size in regard to automation. Upon request, all photographs and sample materials will be supplied. The kit may be obtained from any Burroughs Corporation sales representative.

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A.B.A. Trust Division Members Advised on 1958 Excise Tax Changes

THE Committee on Corporate Trust Activities of the Trust Division of the American Bankers Association has just completed a series of joint meetings with members of the New York Stock Transfer Association, the New York Stock Exchange, and various security groups, and has worked closely with the Internal Revenue Service to provide banks with information concerning procedures to be followed to comply with the Federal Excise Tax Technical Changes Act of 1958, which becomes effective January 1. Recommendations have been made by the Committee for uniform procedures which may be followed until the Internal Revenue Service has released regulations and rulings.

Members of the Committee on Corporate Trust Activities include: Ronald M. Kimball, vice-president, Continental Illinois National Bank and Trust Company, Chicago, chairman; S. Vilas Beckwith, trust officer, The

Bank of California N.A., San Francisco; Hugo S. Hauck, vice-president, The Boatmen's National Bank, St. Louis; Donald A. Hazlett, vice-president, Mellon National Bank and Trust Company, Pittsburgh; A. C. Lapeyre, vice-president, Hibernia National Bank in New Orleans; Sanford L. Smith, vice-president, City Bank Farmers Trust Company, New York; and Joseph E. Williams, vice-president, The Chase Manhattan Bank, New York.

As a result of the work of the Committee, a memorandum on the points raised with respect to original issue and transfer taxes has been prepared by Mr. Williams, who is also chairman of the New York Stock Transfer Association. The memorandum has been mailed to all members of the A.B.A. Trust Division to guide them in their operations until regulations and rulings have been issued by the Internal Revenue Service.

With respect to stock sold or delivered prior to January 1, 1959, but presented for transfer subsequent to that date, it is suggested by the Committee that the transfer tax should be computed at the new rate unless the stock certificates are accompanied by a memorandum of sale dated prior to January 1, or there appears thereon a certification signed by the transferor or transferee.

The definition of actual value for transfer purposes is not given in the statute; it is suggested that "the new regulations should state that where there is a sale in the usual course of business, the sale price should be accepted as 'actual value' and that in case of a gift or bequest, the actual value should be determined in the same manner as for gift and estate tax purposes; namely, the mean between the highest and lowest selling price on the day of the gift or bequest.

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AN OPPORTUNITY for INSTITUTIONAL INVESTORS

Institutional investors are now eligible to buy limited amounts of U. S. Government bonds which do not involve any risk of market fluctuation. This is the first time that investors other than individuals and personal trusts have been able to buy the popular Series E or H Savings Bonds.

Corporations, partnerships, labor unions, clubs, lodges, church groups, credit unions, and many other groups (other than commercial banks) are now eligible to buy up to \$10,000 (face value) of each series in any one calendar year.

Series E Bonds appreciate in value each six months, and sell in denominations of \$25 to \$10,000 at purchase prices ranging from \$18.75 to \$7,500. They pay $3\frac{1}{4}\%$, compounded semi-annually, when held to maturity (8 years and 11 months).

Series H Bonds pay current interest by Treasury check every six months. They mature 10 years from issue date, and, like the E Bond, yield an average $3\frac{1}{4}\%$ per year. Denominations are \$500, \$1,000, \$5,000, and \$10,000.

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The OUTLOOK and Condition of Business

(CONTINUED FROM PAGE 33)

of education in which the facilities of left-wing economic theories are explained to the public.

"(3) Bankers, as recognized community leaders, should abandon their passive political role and provide aggressive leadership in political campaigns. Otherwise we will lose the issue to labor unions, socialists and political opportunists by default."—IRVINE W. REYNOLDS, Chief Economist, San Diego (Cal.) *Union and Evening Tribune*.

Encourage thrift as inflation antidote . . .

"INFLATION certainly is our main long-range economic problem. Others, such as unemployment, overcapacity in some productive fields, fluctuating consumer buying patterns, and Government deficits, may be of more immediate concern, but the decline in the dollar's purchasing power is the overriding problem in the long-run.

"Bankers cannot solve the inflation threat alone. That will require the combined best efforts of government leaders, taxpayers, consumers, businessmen, and labor-management negotiators. But bankers can help by encouraging thrift on the part of government, by stressing saving as a virtue by consumers, by providing the loan capital to increase the nation's productive capacity and streamline the marketing system, and by exercising restraint during consumer credit booms by refusing the riskier loans."—EDWARD N. BURKE, Financial Editor, Newark (N. J.) *News*.

Anti-inflation action needs aroused public . . .

"THERE'S no doubt in my mind that inflation is the biggest and most pressing problem facing this nation. It seems to me that bankers can assist in the solution of it by:

"(1) Encouraging the Federal Reserve Board to keep a close rein on all kinds of credit and not let it become excessive.

"(2) Supporting the Treasury when it pursues sound fiscal policies.

"(3) Urging the Congress and the Administration to adopt sound fiscal policies—cut spending and try to live within our income.

"(4) Stressing the insidious effects of inflation.

"(5) Promoting the sale of E Savings Bonds.

"(6) Sponsoring public forums at which experts would discuss the subject.

"I am convinced that not much progress can be hoped for in any fight against inflation unless we have an aroused public. That best can be attained, I believe, by continually stressing to the Congress, businessmen, laborers, and farmers the grave dangers of inflation. When the public really gets mad, then—and only then—will we get action against inflation in Congress and in the administrative branch of the Fed-

eral Government."—HAL THOMPSON, Financial Columnist, *The Chicago American*.

Forecasting Season

The end of the year and the start of a new one is the open season for forecasting. Hunting the future seems particularly good this year. Seldom have there been so many forecasts and so much agreement among forecasters qualified to judge without letting their judgment be swayed by prejudices, hopes, or what they had for breakfast!

One of the best of the annual forecasting get-togethers is sponsored by the U. S. Chamber of Commerce. Quoting out of context and paraphrasing aren't a satisfactory way to report this occasion, but space will not permit more.

The general outlook for 1959 was summarized in this way by Emerson P. Schmidt, director of economic research for the Chamber:

"Since, at the close of 1958, the recovery which began last April continues, and there are no obviously massive hurdles in the way, it seems safe to assume that expansion will continue in the period ahead, but possibly at a reduced rate. GNP should rise by \$25-billion from the current level and reach a new high of \$470- to \$480-billion next year; and in 1960 we should, with ease, cross the \$500-billion mark at today's prices.

"The recovery has been substantial, but without much benefit from capital goods revival or the automobile industry. Since the combined effect of these two large sectors is likely to be on the plus side, this will give added strength to recovery forces.

"The construction industry is likely to contribute, but only moderately, to expansion above 1958 levels. The demand for loan funds (including heavy U. S. Treasury deficit financing) will tend to keep interest rates firm or, possibly, rising a bit.

More Business—More Demand for Credit

Where banks and the demand for credit fit into this prospect of a moderate rise in activity was discussed at the Chamber conference by E. Sherman Adams, deputy manager, American Bankers Association:

"... we can expect that production and employment will be appreciably higher in 1959 than in 1958, and this will probably mean a considerable increase in demands for credit. To be sure, the recovery is likely to be irregular and we could even encounter a set-back somewhere along the line. However, before the end of 1959, output should reach new highs and this should generate strong demands for funds . . .

"Add to this a rise in consumer borrowing. Backlogs of demand have been building up for automobiles and other consumer durables, and at least some of these lines of business should make a reasonably good showing in 1959."

As for banking opinion generally, our own sources in the field indicate little if any change in loan volume or interest rates one way or the other.

Opinion on 1959 can thus be summed up for the banks as no misgivings, no excitement, no hits, no runs, no errors.

WILLIAM R. KUHN

BANKING



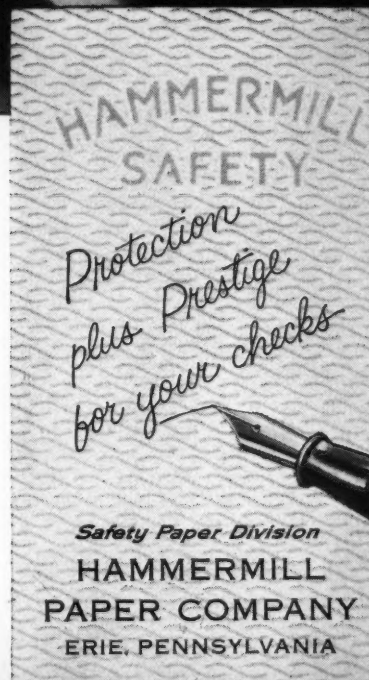
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December 1957	175	798
July 1958	583	2429
December 1958	804	3412

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